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FINANCIAL TIMES

LONDON – FRANKFURT – NEW YORK

No. 30,407 ★★★ Saturday 5/Sunday 6 December 1987 D 8523 A

OVERSEAS MOVING BY MICHAEL GERSON
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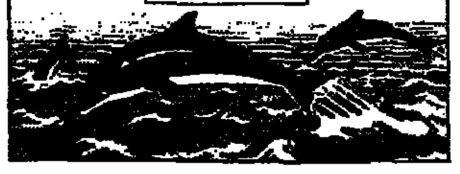


WORLD NEWS

Radio 4 censorship denied

Attorney General Sir Patrick Mayhew denied that the Government had censored BBC Radio 4 in winning a High Court injunction against the broadcast of a series on the security services.

A BBC spokesman said: "We are urgently seeking to have the terms of the injunction eased." Page 4

Three die on M4

Three people died and 11 were hurt in a crash between a minibus and a car on the M4 near Swindon.

Tories ahead in polls

The Tories lead Labour by 48 points to 36, with the Alliance on 14, in a "poll of polls" compiled by Channel 4.

Rift over US arms policy

The rift in the Republican Party over President Reagan's arms control policies widened after the President had launched a savage attack on his right-wing critics. Back Page

Ransom assurance

Mrs Thatcher accepted an assurance from French Prime Minister Jacques Chirac that Paris had paid no ransom to secure the release of hostages from Iranian militants. Page 2

Chirac wins backing

French Premier Jacques Chirac's government won a vote of confidence in the National Assembly, by 295 votes to 282. Page 2

Chernobyl danger

Radiation exposure was still a problem at the damaged Chernobyl nuclear power plant in the Soviet Union and there had been three fatal accidents there this year, said the Communist Party.

Child abuse admitted

A 51-year-old man from West London changed his plea and admitted abusing his two granddaughters after an Old Bailey judge ruled they could give evidence from behind a screen.

Driver jailed

Gary Connell, 25, was jailed for 21 months and banned from driving for seven years after admitting causing death by reckless driving. His girlfriend died in a crash near Oxford.

New TV-am threat

Journalists are to vote on whether to support the ACTT technicians' union in its dispute with TV-am. Page 6

Air crash kills 13

Thirteen people, including 11 US tourists, died when a Cessna aircraft crashed in Rwanda.

Cosmonaut homesick

Soviet cosmonaut Yuri Romanenko is said to be tired and homesick after 300 days aboard the Mir space station, the longest anyone has remained in orbit.

Nicaragua truce call

Nicaragua's government and Contra rebels held indirect peace talks, with a church mediator urging a Christmas ceasefire. Page 2

Iran warns Kuwait

Iran warned Kuwait it would capture any barge moored in Kuwaiti waters and being used as a US base. Page 2

Watford sale blocked

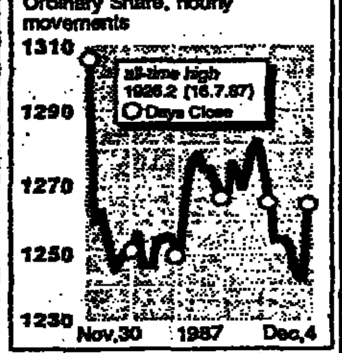
The Football League won a temporary High Court ban on the sale of Elton John's interest in Watford Football Club to publisher Robert Maxwell. Page 4

BUSINESS SUMMARY

Kuwaitis increase BP share stake

THE KUWAITI Government is thought to have built its stake in British Petroleum to 11 per cent or more yesterday, when trading in BP's new partly-paid shares was heavy. **Back Page**

EQUITIES rallied late in the session in London, in thin trading, with blue chip shares rising as the pound weakened. But the FT-SE 100 Index ended the day



down 5.6 at 1,582.8, a drop on the week of 68.8. The FT Ordinary Index lost 0.9 to 1,262.7, ending the week down 45.5. **Stock market, Page 14**

KLOECKNER-Humboldt-Deutz, West German diesel engine and agricultural machinery group, is cutting 6,000 jobs to adapt to falling demand. **Back Page**

P & O EUROPEAN Ferries confirmed it was seeking several hundred redundancies among its Dover-based seamen. **Back Page**

US UNEMPLOYMENT rate fell to 5.9 per cent last month from 6 per cent in October. **Page 2**

JAPAN'S economy grew at an annual rate of 8.4 per cent in the third quarter, its steepest increase in more than a decade. **Back Page**

DONALD KELLY, Chicago food industry executive, has built up a 4.3 per cent stake in US group American Brands, which owns UK tobacco company Gallaher. **Page 12**

BARCLAYS de Zoete Wedd, the UK clearing bank's investment banking arm, is expected next week to acquire a majority stake in leading French stockbroker Puget. **Page 12**

TOTAL COMPAGNIE Francaise des Petroles, French oil group, has acquired through a subsidiary an 11.6 per cent stake in Canadian gold mining group Getty Resources. **Page 12**

RUPERT MURDOCH'S News Corporation suspended plans to buy a controlling interest in Australia's domestic news wire service and its only newsprint mill on news that it would probably contravene the country's Trade Practices Act. **Page 12**

BENLOX, civil engineering and investment dealing company, said it controlled 1.86 per cent of retail group Storehouse by Thursday's second closing date and extended its offer. **Page 10**

HARLAND and Wolff, state-owned Belfast shipyard, reported annual losses of £57.8m, against £26.7m. **Page 4**

ANCHOR CHEMICAL, Manchester-based speciality chemicals group, accepted a £25.88m cash bid from Air Products and Chemicals, US industrial gases group. **Page 10**

MK ELECTRIC has decided not to recommend an unspecified takeover bid from French electricals company Legrand, which has a 9.1 per cent stake in the electrical accessories company.

TIPHOOK, transport rental group, boosted interim taxable profits 90 per cent to £2.8m and forecast further improvement in the second half. **Page 10**

SAS plan for BCal still fails to satisfy aviation authority

BY CLAY HARRIS

THE CIVIL Aviation Authority last night told Scandinavian Airlines System that it was still not satisfied that a proposed rescue package for British Caledonian Group would leave the airline under UK control.

The Scandinavian airline told the CAA it would submit new proposals.

The US, meanwhile, said it had not exerted any pressure against an SAS-BCal link. Officials took issue with suggestions in Whitehall that an SAS stake in BCal could prompt Washington to seek the renegotiation of bilateral air service agreements.

The latest rebuff from the CAA, which must decide if BCal would retain its British designation and route licences if SAS took a stake, came despite the Scandinavian airline's offer to reduce its planned voting stake to less than 25 per cent.

SAS will not launch a formal offer if the CAA says BCal would lose its route licences as a result.

The SAS offer considered in four hours of talks yesterday marked a further reduction in voting rights from the 29.5 per cent envisaged on Thursday. It *followed strong indications that* British ministers were opposed to the Scandinavian airline taking any role at BCal.

Support for that belief came last night as the CAA emphasised that it was considering the "totality" of suggested financial arrangements for BCal, not just SAS's equity or voting stake.

The proposed SAS-led package, which is supported by BCal management, would also include the injection of £50m in new funds through a rights issue and long-term subordinated debt. The latter would ultimately be guaranteed by SAS.

If SAS does not make an offer, the full bid from British Airways, worth £141m in shares or £119m in cash, would remain the only formal offer for BCal. SAS has suggested that its package would value BCal at more than £200m.

Mr Paul Channon, Transport Secretary, said on Thursday he would abide by the CAA's decision. He said, however, he would have blocked SAS's original proposals and that he had continuing reservations about the role of the Scandinavian carrier.

The US embassy in London yesterday contacted the Foreign Office and Transport Department to emphasise that it was not opposed to the link. If the CAA ruled that Britons held "substantial ownership and effective control" of BCal, the definition in the US-UK agreement, the US would accept that designation.

Mr Channon said on Thursday that Britannia and Monarch, two *foreign-controlled airlines which* are recognised as UK carriers, were not comparable with BCal. They are both primarily charter carriers, and neither is controlled by a foreign scheduled airline.

In another case; however, Air UK retained its designation as a British carrier after KLM, the Dutch airline, bought a 14.9 per cent holding.

When KLM originally wanted to take a higher stake, the CAA said a share of more than 25 per cent w[illegible] unlikely to be approve[illegible] that one of less than 15 *per cent* would pose *no* problems.

Although KLM and Air UK's majority owner, British & Commonwealth Holdings, have not ruled out the possibility of the Dutch group's eventually raising its stake, SAS is the first foreign scheduled carrier to seek a holding of between 15 and 25 per cent in a British airline.

The KLM example illustrates a

Continued on Back Page

Poll tax bill is met by deluge of criticism

BY RICHARD EVANS

THE GOVERNMENT'S radical proposals for the reform of the rates system, published yesterday as a *bill, immediately* attracted a deluge of criticism from politicians and local government organisations.

The Local Government Finance Bill, which will receive its second reading in the Commons before Christmas, confirms that domestic rates in England and Wales are to be abolished in April 1990, and replaced with a flat-rate community charge. A uniform business rate will be introduced at the same time.

The scale and strength of the opposition underlined the difficulties that lie ahead for ministers as they seek to steer the legislation through Parliament and then implement it.

The bill is seen as the biggest political gamble of the Parliament as the full impact of the community charge, which will adversely affect a large number of people, will become apparent as the political parties are *preparing for the next General Election.*

However, Mr Nicholas Ridley, Environment Secretary, was in confident mood yesterday as he introduced the bill at a press conference in London. He was adamant that there was overwhelming public support for the abolition of domestic rates, and he was scornful of all alternatives put up by opponents of the community charge, or poll tax.

"Today marks the beginning of the end of the infamous and much discredited domestic rating *system...every authority* will be able to levy exactly the same community charge - £178 this year - to provide a standard level of service efficiently.

"A higher charge will be a direct result of higher spending, a lower one will mean greater efficiency and prudence. The message could not be clearer. The voter will pass judgment through the ballot box," he said.

Dr Jack Cunningham, shadow Environment Secretary, derided the view that there was widespread support for the substitution of the poll tax for rates. *He* claimed the Government's proposals were regressive, unfair and signalled a massive invasion of privacy.

He said large financial burdens would be placed on those least able to pay and described the absence of any details about the proposed rebate system for the less well off as "scandalous."

Dr Cunningham warned that the level of evasions could be as high as 10 per cent which implied that there would be higher poll taxes for those who did pay.

The legislation could also face considerable criticism from the Conservative back benches and about 20 Tories have said they could vote against the Bill. Sir George Young, Conservative MP for Ealing, is to table a motion calling for a formula which *would relate* the charge to people's ability to pay.

"There is a gut reaction that the tax is unfair and that it simply is not going to work," he said.

Local government organisations were universal in their condemnation. The Association of District Councils, which represents all 334 non-metropolitan district councils, said it was convinced that the financing of local government should retain an element of domestic property-based taxation.

The Association of County Councils, Conservative controlled, said the Government's proposals would not provide a fair and equable system.

Details are given of enforcement measures to be taken against those unwilling to pay the charge, and these are certain to be controversial. Councils will have powers to impose a flat rate penalty of £50 initially for refusal to register, and non-payers will then be taken to court for persistent offences.

Mr John Daly, general secretary of Nalgo, the local government workers union, described poll tax as "a uniquely malicious act which would reap a whirlwind of electoral hostility."

It would "make millions of the less well off pay more, while the rich enjoy yet another Thatcher bonus.

"It is unfair, undemocratic and an administrative nightmare which will strike at the very heart of local democracy, deterring people from registering to vote."

Mr John Banham, director general *of the Confederation of British* Industry, welcomed the Bill as "an important step forward and a distinct improvement on the existing situation."

It contained important safeguards against future rate rises

Details, Page 5; A glut of legislation, Page 9.

MAIN POINTS

- **Abolition of domestic rates *in England and Wales* in April, 1990, and introduction of flat rate community charge, or poll tax, payable by all adults.**
- **Introduction of national non-domestic rate from 1990-91 to be distributed uniformly on a population basis. Revaluation of properties with effect from April, 1990.**
- ***Future increases* in non-domestic rates to be at or below the rate of inflation.**
- **Simplification of grant distribution to local authorities.**

Banks prop up dollar as rate cuts fail to impress

BY OUR ECONOMICS AND FOREIGN STAFF

CENTRAL BANKS intervened to prop up the dollar yesterday at the end of a grim week for financial markets left unimpressed by Thursday's round of European interest rate cuts.

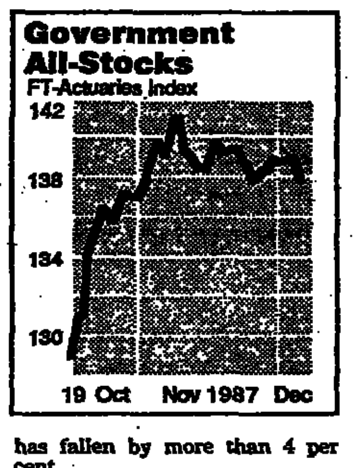
Share prices ended close to levels reached in the aftermath of the October 19 collapse in equity markets.

The Bank of England, the West German Bundesbank and the US Federal Reserve all intervened yesterday in what one central banker described as "mildly concerted" action to support the dollar.

Market analysts said their fundamentally negative attitude towards the dollar had not changed. If, however, the Fed's appearance in currency markets were a sign of a change in US policy towards the dollar, the outlook for the US currency might well be brighter, they added.

Although the Bank of England's intervention was supportive of the dollar, its aim was to stop sterling breaking through the DM3 level. It has intervened *all week to do this* and has so far been successful.

In London, the stock market ended another poor week of low turnover and little sign that institutional *investors* are prepared to buy shares. Since Friday last week the aggregate market capitalisation of the 100 companies whose shares are constituents of the FT-SE 100 Index has fallen by more than 4 per cent.



Investors and traders in gilt-edged securities also marked gilt prices sharply lower yesterday. *Gilts shed more than two* points yesterday to yield 9.61 at the long end, compared with 9.39 a week ago.

The FT-SE 100 Index is just 17.1 points higher than its post-crash low of 1565.2 reached on November 9. It closed 5.6 points down on Thursday's close at 1582.8, while the FT Ordinary share index closed 0.9 lower at 1262.7.

In New York, Wall Street ended its worst week since the crash of mid-October on a depressed note. At the market's weakest moment early yesterday morning, the Dow Jones Industrial Average tumbled to within seven points of its closing quote of 1738.41 on 'Black Monday', October 19. At yesterday's morning low the *Dow's total* losses in the five trading days since the Thanksgiving holiday added up to 202.26 points or 10.4 per cent.

As the morning progressed, some traders took heart from the market's failure to penetrate the October low, as well as from a rebound in the dollar, which was prompted partly by reports of Federal Reserve intervention in the currency markets.

Analysts could give no clear rationale for the market's recent weakness, except to note that prices almost invariably give up *their first gains in the aftermath* of a major market collapse like the October crash. It is only after the lows are tested that the market can regain a sense of direction, the consensus on Wall Street holds.

In addition, some analysts note that after the budget deficit reduction agreement in Washington and the modest stimulative

Continued on Back Page

US unemployment down, Page 2; US budget deal, Page 2; Editorial Comment, Page 8; Wall Street, Page 13; Money Markets and London Stock Exchange, Page 14; Week in the Markets, Weekend section; Japanese growth, Back Page; Lex, Back Page

Hopes of EC summit deal rise

By Tim Dickson and Quentin Peel in Copenhagen

THE FIRST glimmers of hope for a settlement of the European *Community's budget dispute* emerged at the summit meeting of EC leaders in Copenhagen yesterday.

Prospects for a compromise on key areas of agricultural spending controls led to optimism that the total package of sweeping financial reforms might still be saved, in spite of wide gaps on many main issues.

However, the likelihood remains that the two-day summit will end at best in messy compromise and at worst in outright failure to settle.

It was feared last night that plans to double social and regional spending in the EC could yet prove the chief stumbling-block to settlement, rather than the long-standing issue of farm reform.

Moreover, the whole question of the UK budget rebate, perhaps the most divisive issue of all, had still to be tackled.

Mr Poul Schlueter, the Danish premier and chairman of the *summit meeting, said after the* day's talks: "It has been a good and positive day. So far so good. Whether we succeed tomorrow or not, I simply don't know. All the problems are still unresolved."

Alternative compromise plans were being drafted last night to break the deadlock between the 12 member-states on the central *question of how to control* spending on cereals, the crop in greatest surplus.

A West German official said final details of a Franco-German plan were being worked out. The Danish presidency was also drafting an alternative.

Many delegations said Mrs Margaret Thatcher, the British Prime Minister, was adopting a more conciliatory approach than expected. British officials said this was not a sign of any weakness in her position.

The compromise plans would introduce:

- A slightly more relaxed production ceiling for cereals, possibly as high as 160m tonnes a year, compared with the present plan to limit output to 155m tonnes.
- A commitment to a more generous so-called set-aside programme to take farmland out of production.

However, Mrs Thatcher said she was not prepared to go above the 155m-tonne level - already higher than the amount consumed inside the EC - while deep differences remained on the extent of price cuts to be imposed on excess production.

Predictably, the debate on regional and social spending pitted northern against southern states.

Premiers patch up differences, Page 2; Call to cut support for agriculture, Page 4

WEEKEND FT

LAND OF LIBERTY

The US Constitution lies at the heart of American democracy. Why then is this famous document not more widely celebrated?

PI

FINANCE

The conversion of building societies

PV

TRAVEL

Skiing for high fliers - by helicopter. Plus last-minute Christmas breaks.

PIX

HOW TO SPEND IT

...on toys for children

PXV

SALEROOM

Trauma in the auction houses

PX

ARTS

Off to the pantomime

PXVII

MARKETS

DOLLAR

New York lunchtime:
DM 1.6735
FFr 5.6785
SFr 1.3665
Y132.95

London:
DM 1.669 (1.6595)
FFr 5.6575 (5.64)
SFr 1.364 (1.3585)
Y132.8 (same)

Dollar index 95.5 (95.4)
Tokyo close Y132.6

US LUNCHTIME RATES

Fed Funds 6⅝%
3-month Treasury Bills: yield: 5.53%
Long Bond: 97⅞
yield: 9.06%

GOLD

New York: Comex Feb latest $485.2
London: $480.5 (490.25)

STERLING

New York lunchtime $1.789
London: $1.7975 (1.8065)
DM 2.9975 (same)
FFr 10.17 (10.1875)
SFr 2.4525 (2.455)
Y238.75 (240)
Sterling index 75.8 (75.9)

LONDON MONEY

3-month interbank: closing rate 8½% (8$^{11}/_{16}$)

NORTH SEA OIL

Brent 15-day Dec (Argus) $17.90 (17.875)

STOCK INDICES

FT Ord 1,262.7 (−0.9)
FT-A All Share 795.96 (−0.5%)
FT-SE 100 1,582.8 (−5.6)
FT-A long gilt yield index: High coupon: 9.54 (9.35)
New York lunchtime: DJ Ind Av 1,764.26 (−12.27)
Tokyo: Nikkei 22,602.75 (−205.41)

Chief price changes yesterday: Back Page

CONTENTS

Austria Sch22; Bahrain Din0.650; Bermuda $1.50; Belgium BFr48; Canada C$1.00; Cyprus C£0.75; Denmark DKr9.00; Egypt E£2.25; Finland Fmk7.00; France FFr6.50; Germany DM2.20; Greece Dr100; Hong Kong HK$12; India Rup15; Indonesia Rp3,100; Israel NS3.50; Italy L1600; Japan Y600; Jordan Fils.500; Kuwait Fils.500; Lebanon $1.25; Luxembourg LFr48; Malaysia Rin4.25; Mexico Pes300; Morocco Dh6.00; Netherlands Fl3.00; Norway NKr8.00; Philippines Pes20; Portugal Esc100; S.Arabia Ris6.0; Singapore S$4.10; Spain Pta125; Sri Lanka Rup30; Sweden SKr8.00; Switzerland SFr2.20; Taiwan NT$85; Thailand Bht50; Tunisia Din0.800; Turkey L500; UAE Dh6.50; USA $1.00.
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Gorbachev proposes security talks with Mitterrand

SOVIET leader Mikhail Gorbachev has invited French President Francois Mitterrand to exchange views on European security following removal of the superpowers' intermediate land-based nuclear missiles, **Reuter reports from Paris.**

The invitation, to discuss the issue "in letters and meetings", came in a letter from Mr Gorbachev handed to Mr Mitterrand on Thursday by Mr Yegor Ligachev, the Kremlin's number two leader, who is in Paris attending the Communist Party Congress.

"I handed the president a message from Mikhail Gorbachev inviting him to exchange points of view on current problems, and international security in the new situation which will be created in Europe and the world by the Soviet-America accord," Mr Ligachev said.

He said it was unlikely that Mr Gorbachev would visit Paris on his way back from the Washington summit where he and President Ronald Reagan will sign the missile ban treaty. Mr Mitterrand's office also said no meeting was planned in the near future.

The two leaders, who last met in July 1986, have a well-established framework for consultation, both sides said.

France, an independent nuclear power, has expressed concern about the change in the strategic balance in Europe that will result from scrapping the missiles. Mr Mitterrand points out repeatedly that what the superpowers consider intermediate range missiles are strategic for France.

Mr Ligachev, often seen in the West as head of a conservative faction stalling the reforms of Mr Gorbachev, has denied any conflict with the party leader.

"I know what you write about me," Mr Ligachev, who is in charge of ideology, said in an interview with Le Monde newspaper on Thursday. "But I want to tell you: Gorbachev and myself work together in a very friendly way. There is no difference between us. We are on the same wavelength."

Mr Ligachev is widely regarded in the West as the leader of a conservative lobby which forced the downfall about three weeks ago of Mr Gorbachev's reform-minded associate, former Moscow party chief Mr Boris Yeltsin.

He gave a rare insight into the workings at the top of the Kremlin hierarchy, describing how business was shared between himself and Mr Gorbachev.

He said he presided over meetings of the 12-member secretariat of the Party's Central Committee, which handles the flow of top-level party business.

Mr Gorbachev presided over the 13-member Politburo, the country's top decision-making body – which makes him effective ruler of the Soviet Union.

"Gorbachev is always aware of all the questions debated by the secretariat," Mr Ligachev said. "I consult him constantly and he is perfectly aware of what is happening."

Sihanouk talks with rulers of Cambodia

CAMBODIAN resistance leader Prince Norodom Sihanouk and Prime Minister Hun Sen signed a communique yesterday outlining four points of agreement toward a reconciliation in Cambodia, **AP reports.**

The discussions between Prince Sihanouk, the former ruler of Cambodia, and Hun Sen, head of the Vietnamese-backed government in Phnom Penh, marked the first meeting between top representatives of the resistance and the Cambodian leadership since Vietnam installed the government nine years ago. Prince Sihanouk leads a three-party coalition fighting to oust the government.

The two men agreed to meet in France again in January and invited other parties to join them at the negotiating table in order to reach a rapid solution to the south-east Asian conflict.

A third meeting is to take place at Prince Sihanouk's palace in Pyongyang, North Korea.

In the agreement, the long-time enemies said the Cambodian problems must be resolved through a political solution and through negotiations with all factions.

Chirac wins Assembly vote of confidence

BY IAN DAVIDSON IN PARIS

MR JACQUES Chirac's Government won its vote of confidence in the French National Assembly early yesterday by 295 votes to 282.

The result was predicted, as the centrists and supporters of Mr Raymond Barre had indicated before the vote that they would support the Government. They did so, but their demeanour made clear their lack of enthusiasm for Mr Chirac's demand for a public affirmation of loyalty.

The Socialists, Communists and the National Front voted against the Government as they had plannned to do. The result was exactly the same as the last vote of confidence in April.

Mr Chirac launched the debate with an hour-long speech manifestly designed as a pre-campaign attempt to represent himself as a unifying force for the French electorate. But the predictable unfolding of the political antiphony during the afternoon and evening left little room for drama.

Mr Jacques Chaban-Delmas, president of the National Assembly and a former conservative prime minister, managed to precipitate a minor scene early in the proceedings, by cutting off Mr Lionel Jospin, leader of the Socialist Party and the chief opposition spokesman, on the grounds that he had outrun his allotted 30 minutes.

The Socialist members left the chamber en bloc and Mr Jospin finished reading his prepared text to journalists outside in the corridor.

The only moment of tension in the debate came in a late-night confrontation between the Prime Minister and a National Front deputy.

Mr Jean-Pierre Stirbois made a violent speech against immigration, which he identified as the cause of delinquency and unemployment. Mr Chirac heatedly denounced Mr Stirbois' views which, he said, were associated with the darkest and most unworthy moments of France's history.

For the first time in the debate Mr Chirac succeeded in eliciting spontaneous applause from all his nominal supporters.

It could be yet another sign that the tense face-off between the "respectable" conservative parties and the ultra-right will play a pivotal emotive role in the forthcoming presidential campaign.

US budget deal 'should cut deficit significantly'

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE UNDERLYING US budget deficit should fall to about 2.5 per cent of national income in the 1989 fiscal year if Congress approves the latest deficit-reduction deal, Mr Edward Gramlich, the acting head of the Congressional Budget Office said yesterday.

Speaking in London, Mr Gramlich said that the prospect of the nominal deficit remaining at about $150bn in each of the next two financial years had masked what was expected to be a significant underlying improvement.

If the one-off effects of asset sales and of last year's tax reform programme were excluded, the deficit showed a steady if slow decline from the peak of 5.3 per cent of national income reached in 1986.

That improvement, however, would depend on US growth remaining at around 2 per cent per year in the wake of the stock market crash. For each percentage point that growth fell below that level the budget deficit might rise by around $20bn.

He added that the US dependence on foreign savings to finance the deficit remained a serious concern.

Canadian MP rapped

BY DAVID OWEN IN TORONTO

A CANADIAN judicial inquiry has found that Mr Sinclair Stevens, former industry minister, repeatedly broke conflict-of-interest rules while a member of the federal cabinet. This may further undermine support for Mr Brian Mulroney's Conservative administration.

Mr Stevens resigned from the cabinet in May 1986 after newspaper allegations that he had mixed private and public business while industry minister in 1985.

The inquiry found that Mr Stevens approved grants to Magna International, a motor parts company, while his wife was negotiating a C$2.6m (£1.1m) business loan from a Magna consultant.

Conflict-of-interest was also found in Mr Stevens's appointment of Brascan president, Mr Trevor Eyton, as director of Canada Development Investment Corp, while officials of Mr Stevens's York Centre group of companies was discussing refinancing with Mr Eyton.

The inquiry also found that Mr Stevens used his public office for private advantage on at least five occasions after joining the cabinet in September 1984.

Mr Stevens, who remains a Toronto area MP, has dismissed the inquiry's findings and indicated an intention to launch a challenge to overturn them in court.

Nicaragua truce urged

NICARAGUA'S government and US-backed Contra rebels were holding indirect peace talks in the Dominican Republic yesterday, with a church mediator urging a ceasefire before Christmas, **Reuter reports from San Domingo.**

Cardinal Miguel Obando y Bravo of Nicaragua, the mediator in Nicaragua's first peace negotiations since the counter-revolutionary fighting began five years ago, met the rebels on Thursday night and subsequently approved their call for a truce by December 7, the start of a religious festival in Nicaragua. He said would suggest this to the government's delegation.

Nicaragua's ruling Sandinistas have refused to meet the rebels face to face. The cardinal was meeting each side separately at the archbishop's offices here.

He met the government's delegation early yesterday for preliminary discussions but was due to return to Managua later in the day. Beyond urging a December truce, it was not clear if he would relay new rebel proposals.

Bonn health plan clash

By David Marsh in Bonn

THE WEST GERMAN Government risks a conflict with the pharmaceutical industry over plans to make DM14bn (£4.7bn) of savings in the country's costly health system.

A plan hammered out by the three-party coalition foresees drug companies putting up DM1.7bn to help finance the savings. The big chemical companies have already voiced their opposition and claim that shaving profit margins on drugs could eventually lower funds spent on research.

The savings scheme, planned to take effect in 1989, will be used to reduce health contributions by employees and employers and raise funds to care for an ageing population.

Mr Norbert Bluem, the Labour and Social Affairs Minister, who outlined the plan, said the country's increasingly cumbersome health system faced "reform or ruin."

Increases in payments for hearing aids, spectacles and false teeth are planned, along with a small rise in prescription charges. Hospitals are being called upon to save DM1.5bn through more efficiency, a reduction in bed capacity and shorter treatment periods.

EC SUMMIT IN DENMARK

Premiers patch up differences

By Quentin Peel in Copenhagen

MRS MARGARET THATCHER and Mr Jacques Chirac, the British and French Prime Ministers, yesterday patched up their reported differences over the French hostage deal with Iran and blamed the entire affair on the press.

The British premier also appeared to be attempting to calm relations with Mr Charles Haughey, the Irish Prime Minister, after earlier strongly criticising the Irish Government's proposed new legislation on extradition to the UK.

Both issues were regarded as potential flash-points at the European Community summit in Copenhagen, but British officials were anxious to defuse them.

Mr Chirac demanded and obtained a special meeting with Mrs Thatcher to denounce the "anti-French campaign" in the British press over the hostages affair, which stemmed from Mrs Thatcher's own strong words denouncing deals with terrorists in the House of Commons.

His spokesman said the French premier was "astonished" at the criticism, which suggested that France was acting counter to the 1986 London agreement not to make "concessions under duress" to terrorists or their sponsors.

He reminded Mrs Thatcher of what he had said: that no ransom had been paid and no negotiations conducted other than through diplomatic channels with other countries.

He also reminded Mrs Thatcher of the close British and French co-operation in anti-terrorist action and of her personal congratulations delivered when France seized a boatload of arms destined for the IRA.

French officials said that for her part Mrs Thatcher was "desolate" at the press campaign, in which she said the British government had no part. She blamed it all on the "freedom of the press."

British officials, expressing no apparent contrition at the press comment, were nonetheless anxious to play down the entire affair. Mrs Thatcher had not even planned to raise it, they said, until Mr Chirac requested the meeting.

As for the meeting with Mr Haughey, scheduled to take place last night, British officials said she would no doubt take the opportunity to repeat her doubts about the extradition proceedings.

However the most important issue remained close future co-operation on security issues, not recriminations.

Tokyo to continue talks with US on farm trade

BY OUR TOKYO CORRESPONDENT

JAPANESE Government leaders said yesterday they would continue talks with the US to seek a solution to the dispute between the two countries over imports of some agricultural products. This news followed Japan's move on Thursday to block adoption of a Gatt dispute panel report which ordered Tokyo to remove import restrictions on 10 agricultural products.

The Government said it would proceed immediately to lift the controls on eight of the 10 products concerned – processed cheese, prepared beef and pork, pineapples, glucose and caramel – but it wanted more time to decide whether or not to accept the panel's demand that restrictions be lifted on milk products and starch as well.

Japanese officials said yesterday that Japanese starch was five times as expensive as imported starch. If import restrictions were removed, domestic production, based on sugar beet in Kyushu and potatoes in Hokkaido, would be destroyed. Markets for milk by-products needed protection because, as Japanese people did not drink much milk, these were important outlets for the country's dairy production.

Mr Takashi Sato, Japan's Minister of Agriculture, said yesterday that Japan would continue talks with the US, which sought the formation of the Gatt panel this year. However, US officials have said that they would have no choice but to resort to retaliation if Japan did not abide by the Gatt panel report in full.

● Mr Keizo Obuchi, chief secretary of the Japanese cabinet, said yesterday that the vote by the US House of Representatives to stop Japanese construction companies' access to US public works project contracts was deplorable.

British factor enters into liquor tax reform plan

BY IAN RODGER IN TOKYO

FEAR OF the wrath of Mrs Margaret Thatcher still weighs heavily in Japanese Government circles. Mr Sosuke Uno, the Foreign Minister, referred to the British Prime Minister when asked yesterday by Mr Willy de Clerq, the visiting EC commissioner for foreign affairs, about Japan's plans to reform its liquor taxation system.

The system has just been condemned by a Gatt disputes panel for discriminating against imports, including Britain's Scotch whisky.

If the reform plan were not in place before the next economic summit of the leading industrial nations in Toronto next June, then, according to Mr Uno, "my meeting with Mrs Thatcher would not go so well."

Mrs Thatcher has a reputation within the Japanese Government for being extremely tough, dating from her sharp complaints about two years ago that Japanese contractors had unfairly beaten a British consortium for contracts to build the second Bosporus bridge.

Earlier this year, this image was reinforced when she strongly defended the application of Cable and Wireless to participate in Japan's telecommunications industry.

According to EC officials, Mr Uno said it would be next autumn or later before the necessary changes to laws could be made, but he assured Mr de Clerq that plans would be announced before next year's summit.

Earlier Mr de Clerq said that other Japanese Government leaders, whom he met on Thursday and yesterday, had led him to believe that proposals would be forthcoming early next year.

"I leave here full of hope and confidence," he said.

US unemployment down in November

BY LIONEL BARBER IN WASHINGTON

US unemployment fell from 6 per cent to 5.9 per cent in November, the lowest level for almost a decade, the Labor Department said yesterday.

The figures showed vigorous job creation in manufacturing and service industries, indicating that the initial impact of the stock market crash has not been severe.

The unemployment report is the first government indicator of a full month's economic activity since the crash. It shows that, despite the problems surrounding the budget deficit and the weakness of the dollar in the international currency markets, the US economy itself remains bouyant.

The Labor Department said that non farm payrolls - a key barometer of growth - rose by 274,000. In total, 315,000 more Americans found work in November.

Many economists had forecast that the unemployment rate would stayed unchanged from October and had predicted an increase of only 180,000 in non farm payrolls.

At 5.9 per cent, the US jobless rate now matches the level of last September, which was the lowest since July 1979, when the rate was 5.7 per cent. It confirms that the US economy had built up considerable momentum before the stock market plunge in October.

The Labor Department said 99,000 jobs were created by goods-producing industries - a sign of strength among US exporters - and 175,000 in service industries.

Unemployment dropped by 58,000 to 7.1m in November. This time last year, there were 8.2m people looking for work.

The only clear negative indicator was an employment drop of 200,000 in general merchandise stores before seasonal adjustments. Holiday-hiring, usually a substantial component in November's figures, was less than expected. This could be an indication that retailers have reduced their hopes of strong Christmas sales after the stock market plunge.

Iran threat to seize US base in Kuwait

By Joan Wucher King

IRAN yesterday warned Kuwait that it would capture any barge moored in Kuwaiti waters which was being used as a US base. Iranian Parliament Speaker Hashemi Rafsanjani was quoted by the official Iranian news agency as demanding an equivalent facility from the Kuwaitis. "Otherwise, if we seize this base, you would have no claim against us."

Tehran was reacting to reports this week that the US and Kuwait had agreed to the use of a barge in Kuwaiti territorial waters as a US base servicing its Gulf fleet, though US and Kuwaiti officials have given conflicting versions of what is involved in the deal. Mr Rafsanjani made clear that any US attempt to set up bases near the war zone would be regarded as provocative and unacceptable to Iran.

In the naval war in the Gulf, Iraq claimed that its aircraft hit two large maritime targets off the Iranian coast yesterday, the fourth and fifth this week and the 26th claimed since November 10. Baghdad is anticipating a big Iranian offensive, and has responded by maintaining pressure on Iranian oil exports in an attempt to strangle Tehran economically. So far, Iran has not kept pace with retaliatory raids on neutral shipping – its favoured response.

Broker tipped for World Bank post

BY NANCY DUNNE IN WASHINGTON

WORLD BANK officials yesterday acknowledged that Mr Don Roth of Merrill Lynch, the Wall Street brokerage firm, was "under consideration" for the post of treasurer at the bank to succeed the highly respected Mr Eugene Rotberg. Other sources say the appointment is merely awaiting formal approval.

Mr Roth, 46, chairman of Merrill Lynch's private capital corporation, has served in various senior posts in Britain and Japan since he joined the firm in 1970. If, as expected, he gets the treasurer's post, he will oversee the bank's $11bn-a-year banking operations and manage its $19bn liquid assets portfolio.

Mr Rotberg, a highly successful manager who pioneered the World Bank's capital swaps, left the bank when he was denied a senior vice-presidency during a controversial reorganisation. He joined Merrill Lynch as an executive vice-president in May. Since Mr Rotberg's departure, his former deputy, Mr Heinz Vergin, has been acting treasurer.

Mr Vergin recently moved to the operations division to be replaced temporarily by the new deputy treasurer, Mr Stephen Eccles. In 1977, Mr Roth left Merrill Lynch for Chase Manhattan Bank, where he served first as a director of Asian activities and then as deputy manager in London. He rejoined Merrill Lynch in 1981 and in 1985 ascended to the chairmanship of the private capital subsidiary.

Ershad may call fresh poll

BANGLADESH President Hossain Mohammad Ershad may dissolve parliament and call fresh elections in an attempt to defuse the worst political crisis of his six years in office, Reuter reports from Dhaka.

In response, the Awami League, the largest opposition party, said it would resign from parliament in protest against General Ershad's rule.

As a further step towards making peace with the opposition, the Home Ministry yesterday released three more opposition leaders from jail, bringing the number freed to 11 since a state of emergency was declared last Friday.

Ruling Jatiya Party sources said the resignation of 10 right-wing Jamaat-e-Islami MPs on Thursday could prompt dissolution of the 15-month-old parliament.

But he said the members would tender their resignations to the Speaker of the parliament after the party leader Sheikh Hasina, who is now under arrest, approved the decision.

The latest leaders freed were Abdul Matin Choudhury of the Bangladesh Nationalist Party (BNP), and Prashun Kanti Roy and Dr Kairuzzaman of Communist Party of Bangladesh.

The Jatiya Party holds 217 parliamentary seats, the Awami League 76 and Jamaat 10. Seven smaller opposition parties have 27 seats.

India expects merger of Sri Lankan provinces in peace bid

BY JOHN ELLIOTT IN NEW DELHI

INDIA expects the Sri Lankan Government to pave the way for a new peace initiative in the guerrilla war with Tamil Tiger extremists, by announcing before the end of this month that the island's northern and eastern provinces are being merged into one administrative unit.

Indian ministers believe this would demonstrate the willingness of Mr Junius Jawardene, Sri Lanka's president, to implement the four-month-old peace accord between India and Sri Lanka, and would therefore enable India to discuss 'a possible second attempt at a ceasefire with the Tigers.

More than 300 Indian troops have been killed and nearly 1,000 wounded, 600 of them seriously, since they started an offensive against the extremists eight weeks ago. A 48-hour ceasefire, unilaterally introduced by India two weeks ago, failed to persuade the Tigers to lay down their arms.

Now the Indian government is anxious for Mr Jayawardene to create the political base for a further attempt at ceasefire, which would enable it to achieve its primary aim on the island of disarming the Tiger extremists.

It is anxious to demonstrate that it is not becoming involved in hostilities comparable with the Soviet involvement in Afghanistan or the US role in Vietnam. Military and diplomatic spokesmen said yesterday that the situation was different, because there was a clearly defined political goal of bringing the Tamils into the island's political mainstream, and because the Indian action is supported by the US and Soviet Union, as well as various international groupings.

When the troops first went to Sri Lanka at the beginning of August as a peace-keeping force, it was hoped that only 6,000 would be needed and that there would be no fighting. The total, including 1,600 paramilitary police, has grown to more than 26,000. Other air force, naval and support personnel are based in southern India. The troops are expected to have to stay on the island at least a year and may be much longer.

They far outnumber the total of Tiger activists, which a military spokesman yesterday put at a maximum of only 1,500 to 2,000, compared with more than 4,000 four months ago. The Indian government has records showing that 300 hard-core Tiger extremists have been killed during the eight weeks of action, but spokesmen say that intelligence reports indicate the total could be 1,100.

The spokesmen said that 125 Tigers had surrendered during the past week after new initiatives. They claimed that the army's policy of splitting and isolating the extremists into small groups was beginning to undermine the guerrilla activities.

Before Mr Jayawardene can announce the administrative link between the main Tamil areas of the north and east, some amendments to the island's election law have to pass Parliament. Basic constitutional amendments were passed last month.

Indian ministers and diplomats believe he will go ahead with the link, despite considerable domestic political resistance, because he needs to bring peace quickly to the north and east of the island so that he can concentrate on dealing with growing violence in the south by extremists belonging to the island's Sinhalese majority.

Once the link-up is announced, India wants 120,000 Tamil refugees now in India to return to their homes in the north and east of Sri Lanka, plus another 90,000 who have fled from the northern Jaffna peninsula into the east of the island. It does not want the Sri Lankan Government to go ahead with elections for the newly merged province until these Tamils have returned to exercise their voting rights. After the elections, it would hope to start to withdraw some of its troops.

Thatcher takes arms against outrageous EC fortune

By Tim Dickson in Copenhagen

WHETHER this weekend's European Community summit will end as tragedy or farce, or both, has yet to be seen. But as European leaders gathered in Copenhagen yesterday all are agreed that the play's the thing and that the first day of the summit has been marked by a search for suitable actors to play the leading parts.

As the only woman at the summit, many of her colleagues are keen that the British Prime Minister, Mrs Margaret Thatcher, should be cast in the role of Ophelia – the beautiful girl who has fallen distractedly in love with Hamlet.

British officials have not been amused though at French and West German suggestions that Ophelia's state of mind helps to explain the British leader's apparently intransigent stance on agricultural budget stabilisers and the British budget rebate.

Gertrude, wife of King Claudius (played by the Danish Prime Minister Mr Poul Schluter) was another possible role for Mrs Thatcher but Hamlet's famous admonition ("frailty, thy name is Woman") would hardly be convincing in the circumstances.

The Iron Lady herself is known to be keen to dress up in drag to play Polonius, so that she can utter his "Neither a borrower nor a lender be" line in front of the other heads of state.

There has been little difficulty, by contrast, in finding a suitable candidate to play Hamlet. Mr Jacques Delors, the Commission President, whose package of financial proposals some say is fatally flawed, seems the ideal choice with his sharp sensitivity, emotional temperament, and occasionally morose outbursts against the political leaders of the Community.

Rumours, meanwhile, were circulating that following the suspected Franco-German pact against the harsher elements of the agricultural reforms, Mr Helmut Kohl and Mr Jacques Chirac wish to play Rosencrantz and Guildenstern, the chummy courtiers who are accomplished go-betweens.

Inevitably with so many reputations at stake, some aspirant thespians have been disappointed, notably Sir Geoffrey Howe, Britain's Foreign Secretary. At a press briefing in Brussels last month he made a rather heavy-handed attempt to grab the centre of the stage by declaring that "a European Comunity summit without stabilisers would be a bit like Hamlet without the Prince". Sir Geoffrey is understood to have been assigned a non-speaking part for so wildly misquoting Shakespeare.

All the elements are there, however, including a frightening ghost in the form of the British budget rebate agreed at the Fontainebleau summit in 1984 which has returned to haunt the current negotiations. A "play within a play" has even been planned by Brussels-based journalists who will be staging a spoof summit of their own in Copenhagen this morning.

The final act, of course, has not yet been written, and its contents will only be known late tonight or early on Sunday.

FINANCIAL TIMES

Published by the Financial Times (Europe) Ltd., Frankfurt Branch, represented by E.Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter Societaets-Druckerei-GmbH, Frankfurt/Main. Responsible editor: D. Albino, Frankfurt/Main, Guiollettstrasse 54, 6000 Frankfurt am Main 1, Tel: 75980; Tlx: 416193; FAX: 722677. © The Financial Times Ltd, 1987.

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. US subscription rates $365.00 per annum. Second-class postage paid at New York NY and at additional mailing offices. POSTMASTER: send address change to: FINANCIAL TIMES, 44 East 60th Street, New York, NY 10022.

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TERMS OF PAYMENT: CHEQUE, CASH AND ALL MAJOR CREDIT CARDS

Travel industry forecasts surge in US holidays

BY DAVID CHURCHILL, LEISURE INDUSTRIES CORRESPONDENT

A SHARP surge in demand for holidays in the US following the decline in the value of the dollar has been reported by tour operators and travel agents this week.

Exhibitors at the World Travel Market exhibition at Olympia, London, have reported a record level of interest in US holidays.

"A tourism boom to the US is inevitable next year," forecast Mr Stephan Clay, managing director of American Airplan, a specialist tour operator to the US.

"The current exchange rate means that we have been able to negotiate extremely favourable air-charter rates with American carriers and these will be passed on to our passengers in the form of very attractive air fares next year," he added.

Unijet, another specialist US tour operator, also reports an increase in demand. "British holidaymakers will have never had it so good since the turn of the decade," said Mr Nigel Jenkins, a director of Unijet. "We are anticipating an enormous growth in transatlantic travel next year."

Many tour operators believe the US is on course to become a major package holiday destination for Britons who are seeking an alternative to Mediterranean resorts. The decline in the value of the dollar means that British tourists now have 20 per cent more spending power in the US than at the same time last year.

Tour operators believe that the US, especially Florida, can offer better-value holidays than European resorts because of the higher standards of American hotels and the relatively low cost of eating.

British Airways, a leading carrier to Florida, reports that passenger traffic to the state rose by 28 per cent in the first half of this year compared with 1986. Since then the airline reports a "considerable increase" in traffic.

BA's new holiday company, Redwing Holidays, has recently introduced its first American holiday programme under the Sovereign brand name. Mr Vic Fatah, Redwing's managing director, said yesterday that sales so far had been very good.

The US-owned Pan American Airways also reports a higher level of passenger traffic this year. It has recently introduced three-day weekend breaks to New York and Washington for £299 per person and says they have proved very popular.

Pickfords Travel, a leading travel agency chain, said yesterday that consumer interest in US holidays was up by 50 per cent in recent weeks compared with last year. Bookings were up by 30 per cent so far compared with 1986.

"Judging from the sheer number of inquiries over the last month alone we expect an even bigger growth in US bookings for next year," commented Mr Kevin Welch, retail marketing director of Pickfords.

Florida, California, and New York remain the most popular destinations for British visitors, but demand for Hawaii and Texas is growing.

Ms Fiona Gordon of the Hawaiian Visitors Bureau, said yesterday that Hawaii had had 40 per cent more visitors from Britain this year.

Texas reports that more than 360,000 Britons visited the state last year, the largest incoming group outside of North America.

Mr Glenn Couvillon, executive director of Travel South USA, which represents a number of southern US states, said yesterday that increased demand for US holidays meant exhibitors had "paid for their participation at the World Travel Market within a day and a half of the even opening last Tuesday".

Cruise companies also expect to benefit from the surge in demand. Princess Voyages, the Peninsular & Oriental cruise subsidiary, says that since its shipboard prices for cruises out of Miami are calculated in dollars, British holidaymakers can expect a good deal because of the favourable exchange rate.

Some tour operators are warning about possible shortages of holidays.

Dixons to stock IBM personal computers

By Maggie Urry

DIXONS, the photographic and electrical retailer, yesterday became the first multiple retailer to stock IBM personal computers. Six Dixons stores are stocking the IBM PS2 Model 30 range, the smallest of IBM's new family of personal computers.

The appointment of Dixons as an authorised dealer for this model marks a further step by IBM towards widening its customer base. Dixons sells lower-priced personal computers, such as Amstrad, Commodore and Olivetti products, while IBM's personal computers have been the province of specialist dealers.

Dixons has agreed to send sales staff on an IBM training course.

Dixons will offer a package consisting of the twin-diskette computer, printer, software and after-sales service for about £2,000.

IBM is aiming the package at small businesses rather than private users as part of its push for a share of the business equipment market.

Fifty business centres have already been opened at branches of Dixons.

Raymond Snoddy on plans to restore a tabloid's reputation

Strictly not for the Starbirds

UNITED NEWSPAPERS is to spend £5m on advertising and promoting The Star to try to blot out memories of the embarrassing two-month joint venture with Sunday Sport when topless "Starbirds" reigned supreme.

Advertisements for The Star will begin tomorrow on all Britain's commercial radio stations and will continue in 15-week bursts, promoting the number of prizes to be won and the paper's emphasis on hard news.

Mr Brian Hitchen, the new editor of The Star, where the topless count is now strictly rationed to one pin-up a day (full colour once a week), says that Lord Stevens, United's chairman, is "100 per cent committed to the future of the paper".

Mr Hitchen, former London editor of The Star and deputy editor of the Sunday Express, watched with anguish what was introduced into The Star during the two-month editorship of Mr Michael Gabbert.

"It was like watching a child being strangled. It was absolutely awful. I was acting as an employment agency for journalists who couldn't stand it. I originally hired some of those people," says Mr Hitchen.

When he was summoned from a holiday in Spain to the editor's chair, Mr Hitchen says the circulation of the paper was "in a power dive in flames". Sales had fallen by 200,000 in two months to 1.1m and the downward trend was accelerating.

"Three more months and there wouldn't have been a paper," says Mr Hitchen, who started his career as a copy boy in Manchester and has nearly 10 years experience as a foreign correspondent.

Brian Hitchen: telling readers "what they want to hear"

After a month of 15-hour working days Mr Hitchen, a roly-poly figure who displays inordinate pleasure in having his own paper to edit at last, says the slide has been halted.

He hopes The Star will start picking up readers again by January although he declines to set circulation targets or make forecasts.

The promotional prizes will include trips to the largest bingo hall in the world in the Florida Everglades, all-expenses-paid trips to the Olympics at Seoul and 1,000 less exotic foreign holidays.

The editor points to The Star's coverage of the Enniskillen bomb as an example of the hard-hitting style of popular journalism he wants to achieve.

When he arrived in The Star's main editorial offices in Manchester that Remembrance Sunday the sub-editors were planning a single word headline – COWARDS.

"Cowards wasn't a strong enough word to deal with those vermin, so I wrote SCUM instead," he says.

Without waiting for the niceties of public opinion polls to confirm what he instinctively knew – that Star readers favour capital punishment – Brian Hitchen wote HANG 'EM.

"We went boots and all to it," he says, and was pleased that his gut instinct appeared to coincide with the view of Lord Denning, former Master of the Rolls.

As well as trying to recover circulation losses, every Wednesday Mr Hitchen visits three different advertising agencies to reassure them about the future and outlines plans for his paper.

In particular he hopes to persuade Tesco, the supermarket chain which publicly withdrew its advertising from the Gabbert Star, to return.

Tesco says the ban on The Star still stands although the company might review the situation in the spring.

"It's like climbing the Eiger without boots after what that lot (Mr Gabbert and his boss Mr David Sullivan) did to the paper," Mr Hitchen says.

His most formidable weapon in the fight back is "a gut instinct for what sells newspapers."

"I will tell people what they want to hear. Anything else is just like telling them to go and buy somebody else's newspaper."

Market crash 'will have good effect'

BY CHARLES BATCHELOR

THE STOCK market crash is, on balance, expected to have a positive impact on the venture capital industry, according to **Ms Sue Lloyd**, managing director of Venture Economics, a specialist consultancy covering the sector.

She said yesterday that the valuations of venture capital-backed companies which moved on to a public listing would be lower but, more importantly, venture capitalists would be able to negotiate better terms for themselves when backing new companies.

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Ms Lloyd was speaking on the second day of a venture capital conference sponsored by the Financial Times and the British Venture Capital Association.

It would be more difficult for venture capital funds to raise money in future, she said, but the industry had completed a record amount of fund-raising this year before the crash and had plenty of money to finance new ventures.

One result of the stock-market crash would be to make trade sales – sales to other companies – of venture capital-backed businesses an even more important means of realising investments. Between 1982 and 1987 more than 200 venture capital-backed businesses were sold to another company, compared with 142 floated on a public market.

Ms Lloyd said this would mean that it would be more important for venture capitalists to develop contacts with the British corporate sector. However, unlike US companies, few UK companies had shown much interest in backing smaller ventures.

In the past five years the British venture capital industry had grown rapidly, from just 57 management teams in 1982 to 120 this year.

The number of newcomers had now slowed with most growth coming from existing teams raising extra funds.

Venture capitalists raised £43m in 1982, but were expected to raise £700m this year. The sums invested had risen from £110m to more than £600m.

In 1982, 320 companies were backed by venture capital. This year about 700 would receive venture capital finance, taking the total number of British companies to have received backing since 1981 to about 3,500.

Ms Lloyd said that pension funds were the main source of finance for venture capitalists, accounting for about 40 per cent of money raised. Private individuals, usually acting through Business Expansion Scheme funds, now accounted for proportionately less of the funding – 15 per cent compared with 31 per cent in 1983.

Management buy-outs had become a more important part of the venture capital industry recently, mainly because they provided their backers with a quicker return.

In 1982-87 14 companies valued at £50m or more were floated while there were just nine flotations of companies valued between £1m and £4.9m. However, while just seven companies valued at £50m or more were sold to a corporate buyer there were 43 sales of companies in the £1m to £4.9m range and 20 sales of companies valued at less than £1m.

Mr Leendert van Driel, managing director of Gilde Venture Fund of the Netherlands, said European companies should be more willing to seek market opportunities in Europe instead of automatically looking to the US.

"Have we really forcefully tried to break down barriers in Europe?" he asked. "There are opportunities for both entrepreneurs and for venture capitalists."

He said the syndication of venture deals across national borders in Europe was increasing. Transnational deals accounted for 11.3 per cent of all new investments by value in Europe last year compared with 7.4 per cent in 1985, according to the European Venture Capital Association.

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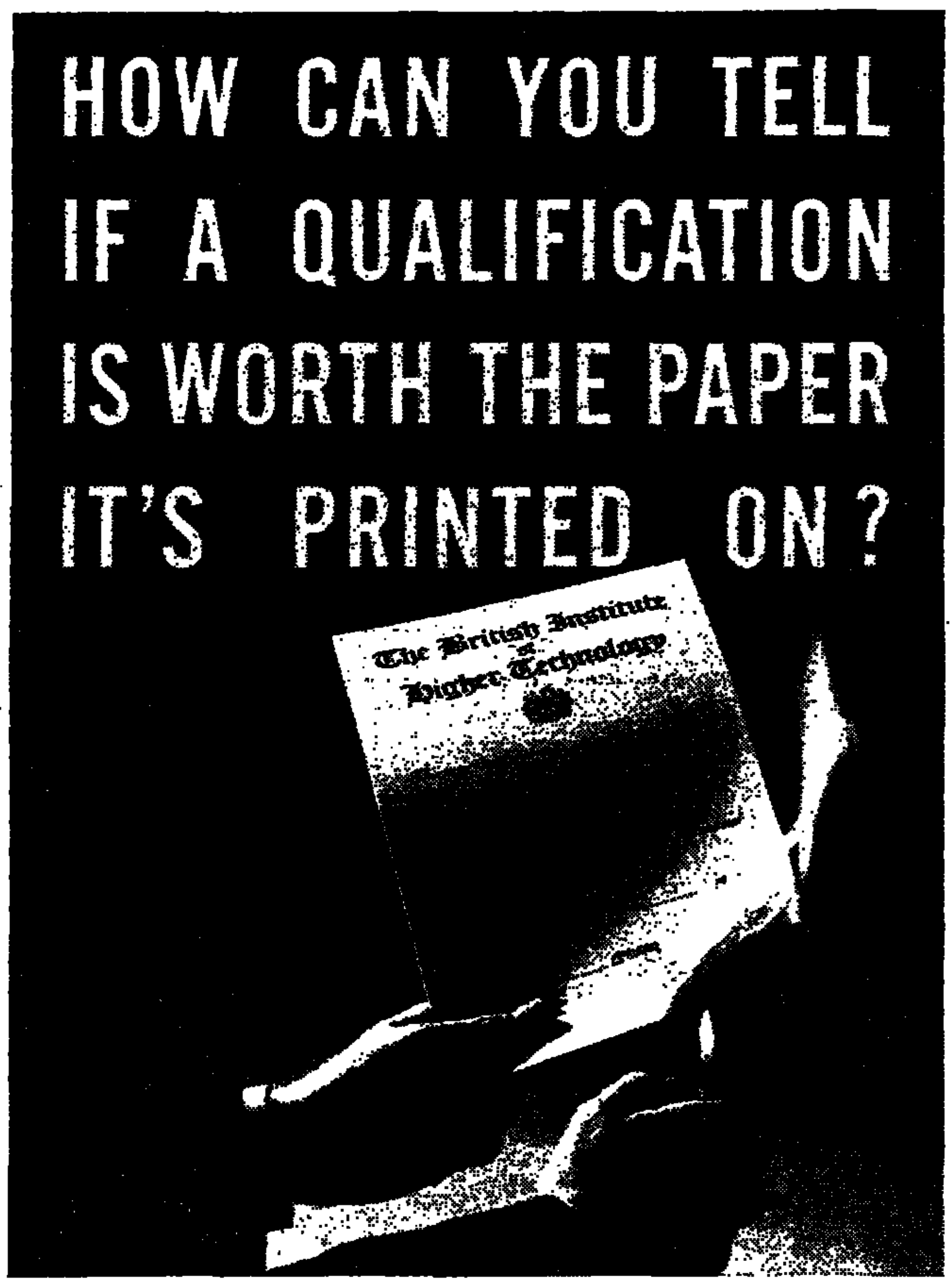

Each year, nearly two million vocational qualifications are awarded in Britain.

They are awarded at almost every level, in almost every field. From accountancy to welding.

Now while some are valuable to employers, others apply standards that are out of touch with the real needs of work.

Too many qualifications still over-emphasize theory at the expense of practice.

What makes things worse is that while some occupations have a mass of overlapping qualifications, others have none at all.

The result is confusion. You, as an employer, can't tell just how well qualified job applicants really are.

Or which qualifications would improve the performance of your existing staff.

Which creates a lack of confidence in the qualifications themselves.

Last year the government decided that something had to be done.

So the National Council for Vocational Qualifications was set up to make the system work.

To make it relevant to the needs of every business and industry. (Including your own.)

To make sure each occupation has its own clear set of qualifications.

To make the system effective and employment-led.

We do this by going to both employer and employee organisations.

They tell us the standards at work that qualifications need to meet.

If a qualification falls short we discuss the ways in which it should be changed with the awarding bodies.

When it does reach the standard however, it's stamped with our insignia and given the title of National Vocational Qualification. Or NVQ.

That's our seal of approval. A sign that someone really will be useful to your company.

And you will be able to tell just how useful because all NVQs are classified according to occupation and level of competence.

You will also know which qualifications would help your employees increase their own efficiency and productivity.

We don't give the title of NVQ easily.

For example, when we asked the retail sector to review its qualifications, none merited the title of NVQ as they stood.

So now all involved are working flat out to ensure the qualifications reflect the industry's needs.

Some industries have already established appropriate standards.

As a consequence we've granted NVQ status to certain qualifications in hotel and catering, vehicle maintenance and repair, electrical contracting, as well as agriculture and the retail travel business.

But then we have also turned some down.

The NCVQ is reviewing qualifications in many different fields, making sure they are worth the paper they're printed on.

Because if the qualification system doesn't work, it's not just your employees who get their fingers burnt.

It's you as well.

If you think your own business or industry could benefit from our help write to the National Council for Vocational Qualifications, 222 Euston Rd., London, NW1 2BZ, for more information.

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Mayhew defends BBC injunction

BY IVOR OWEN AND RAYMOND HUGHES

THE ATTORNEY-GENERAL yesterday denied MPs' charges of government censorship over the BBC Radio 4 programme about the accountability of the security services. He said the Government could not risk a breach of confidentiality before taking action.

It had sought an injunction, granted by a High Court judge on Thursday evening, which stopped the first of three programmes in a series called My Country Right or Wrong, due to have been broadcast yesterday.

Last night the BBC was urgently seeking to have the terms of injunction eased and said its lawyers were considering the best way of achieving that.

In response to an emergency opposition question in the Commons, Sir Patrick Mayhew, Attorney-General, denied the Government had resorted to censorship. He stressed that it was a judge and not a member of the executive who had granted the injunction.

There was Labour criticism that the Goverment should have allowed the broadcast to proceed and then decided whether to take legal action. That, Sir Patrick replied, was tantamount to saying that in every case the Government should wait until the horse had left the stable.

He rejected a charge by Mr David Steel, the Liberal leader, that in seeking to prevent the BBC broadcasting the programmes the Government had provided further evidence of the "dangerous slide into authoritarianism" to which the country was being subjected.

The Attorney-General disclosed that it was the Daily Telegraph's Peterborough column which first alerted the Government to the extent of the contributions that current and former members of the security services had made to the programme.

This admission surprised MPs on both sides of the House. Labour leaders, concerned by what Mr John Morris, shadow Attorney-General, described as the Government's attempt to impose the kind of censorship usually associated with "tin-pot dictatorships", will seek further explanations and a Commons debate next week.

In calling for a far fuller government statement, Mr Frank Dobson, shadow Leader of the House, said the security services had been "totally incompetent" in not knowing about the programme before the publication of Thursday's Daily Telegraph.

The Attorney-General explained that the Official Solicitor had approached the BBC after reading about the programme in the newspaper. The BBC's legal adviser had confirmed that nine members and former members of the security and intelligence services had contributed to the programme and expressed the opinion that they had not breached their duty of confidentiality to the Crown.

There were shouts of "quite right too" from opposition benches when Sir Patrick confirmed that the BBC had rejected the Official Solicitor's request for a copy of the transcript before the programme was broadcast. Nor would the corporation supply the names of the members and former members of the security service interviewed.

Sir Patrick argued that, had the Government waited for the programme to be broadcast before taking action, any breach of confidentiality would have been said to be "in the public domain" and the boundaries would have been pushed back further.

To Conservative cheers, he emphasised: "That was a risk that the Government felt it could not properly take."

Mr Jonathan Aitken, Conservative MP for Thanet South, said that long before the item in the Daily Telegraph had caused such excitement in Whitehall, some of the retired security service officers who took part in the programme had written to the director-general of the security services informing him of the content of their contributions.

He asked the Attorney-General to accept – "from someone else who took part" – that the programme had virtually nothing to do with current or past national security matters.

Mr Aitken said the programme had largely been taken up by an academic discussion about the accountability of the security services and the need for further oversight, and insisted this was a "legitimate area for retired security officers to comment upon". He urged the Government to "cool down a little".

The BBC's lawyers are understood to have spent some time yesterday discussing, first among themselves and later with the Treasury Solicitor, the possibility of reducing the scope of the injunction.

If agreement could be reached on a narrower order, the High Court could be asked to vary the injunction by consent. Failing agreement, the BBC could go to the Court of Appeal.

Mr Paul Barker, who made the programme, said in a radio interview yesterday: "The intention was to look in a calm, dispassionate way at the security services, what was wrong, if anything, and how they could be made more accountable and more responsible in public.

"It is a case of the Government shooting itself in the foot because it has prevented something which may have advanced understanding."

Midland announces cut in mortgage rate to 9.75%

BY NICK BUNKER AND ERIC SHORT

MIDLAND BANK is cutting the mortgage interest rate for all its borrowers from 10.5 per cent to 9.75 per cent with effect from January 1, it said yesterday.

The move was a reaction to Wednesday's fall of half a percentage point in bank base rates. There was no indication last night, however, that other clearing banks or the big building societies were planning to follow with a new round of mortgage rate reductions.

Among the clearing banks, Barclays, Lloyds, National Westminster and the Royal Bank of Scotland all said no announcement was imminent from them and none was expected over the weekend.

The Halifax, the UK's biggest building society, said it would prefer to see a further base rate cut from the present 8.5 per cent to 8 per cent before lowering its mortgage rate again. It came down from 11.25 per cent to 10.3 per cent a month ago, in response to an earlier drop in base rates.

However, the Halifax said it was "carefully watching the situation", a statement echoed by most other big mortgage lenders.

Mr John Bayliss, general manager of the Abbey National Building Society, which has a mortgage rate of 10.1 per cent, said he did not expect to have to make another cut before the New Year but the society was determined to remain competitive.

One important consideration for building societies is that frequent small cuts in the mortgage rate are expensive to administer. Each cut in the mortgage rate costs the Halifax about £250,000, the society said, so it prefers not to make cuts of less than a full percentage point at a time.

Nationwide Anglia Building Society said it was "watching and waiting" to see what happened to bank base rates before moving again. Its mortgage rate came down from 11.25 per cent to 10.3 per cent 10 days ago.

Girobank

Girobank plc announces that with effect from close of business Friday December 4 1987

Base Rate
Its base rate was reduced from 9% to 8.5% per annum

Other facilities (including regulated consumer credit agreements) with a rate of interest linked to Base Rate will be varied accordingly

Girobank plc 10 Milk Street LONDON EC2V 8JH

Ford cars outsell rivals again

BY JOHN GRIFFITHS

FORD LAST month again sold more cars than did Austin Rover and Vauxhall combined as total sales beat any recorded November. The rise confirmed that the stock market's collapse shows no sign of dampening the surging UK new-car market.

Statistics issued yesterday by the Society of Motor Manufacturers and Traders showed total November registrations of 141,224 (126,621 last year), up 11.53 per cent. Total registrations for the year's first 11 months were 1,922,409 (1,801,586), up 6.71 per cent.

Sales this month would now have to fall by more than 4.2 per cent, compared with the 80,888 of last December, for the 2m threshold not to be passed for the first time. Last year's sales – 1.882m – also set a record, for the second consecutive year.

Predictions by some analysts, soon after the markets crashed, that there would be a downturn next year show no signs of realisation.

Car-leasing companies lead in detecting signs of waning confidence among business buyers. Yesterday they said there was no evidence of business-users wanting to extend contracts on existing cars instead of replacing them.

Ford's November market share was 29.73 per cent. This brought its year-to-date share to 28.61 per cent (27.34 per cent).

Vauxhall's November share, 13.4 per cent, has lowered its 11-month share further, to 13.46 per cent, more than 1½ percentage points below its share last year.

Rover Group's November share, 12.54 per cent, raises the chance that if sales this month were not strong then, for the first time, its full-year share may fall below 15 per cent.

The group's share at the end of the 11 months was 15.04 per cent. If Range Rover sales were excluded Austin Rover's 11-month share would be 14.79 per cent.

Importers' November share fell to 52.76 per cent (53 per cent) and in the 11 months they had a 51.73 per cent share (56.17 per cent), mainly because Ford and Vauxhall sourced more cars in the UK.

November top-10 sellers were: 1, Ford Escort, 13,335; 2, Ford Sierra, 11,126; 3, Ford Fiesta, 9,194; 4, Vauxhall Cavalier, 6,462; 5, Vauxhall Astra, 6,358; 6, Ford Orion, 5,626; 7, Austin/MG Metro, 5,195; 8, Rover 200, 3,618; 9, Austin MG Montego, 3,532; 10, Nissan Bluebird, 3,414.

UK CAR REGISTRATIONS

	November				Year to date			
	1987	%	1986	%	1987	%	1986	%
Total market	141224	100.00	126621	100.00	1922409	100.00	1801586	100.00
UK produced	66711	47.24	59508	47.00	927993	48.27	789649	43.83
Imports	74513	52.76	67113	53.00	994416	51.73	1011937	56.27
Ford	41992	29.73	38422	30.34	550081	28.61	492492	27.34
Rover group	17710	12.54	16395	12.95	289195	15.04	285604	15.85
Vauxhall/Opel	18928	13.40	18613	14.70	258770	13.46	271970	15.10
Peugeot/Citroen	10763	7.63	9024	7.13	141018	7.33	116230	6.45
Audi/VW/Seat	7931	5.62	7160	5.65	113365	5.90	111695	6.20
Nissan	9477	6.71	7921	6.26	107872	5.61	104097	5.78
Renault	5806	4.11	4409	3.48	76402	3.97	65811	3.65
Volvo	5438	3.85	5524	4.36	66762	3.47	65422	3.63
Fiat/Alfa/Lancia	4560	3.23	4388	3.46	70762	3.68	63498	3.53

Source: Society of Motor Manufacturers and traders

Call to cut support for agriculture

By Michael Cassell, Political Correspondent

THE EUROPEAN Community could signal its determination to reject protectionism by substantially reducing its support for agriculture, Mr Nigel Lawson, Chancellor of the Exchequer, said last night.

Mr Lawson, who was speaking to the Harborough Conservative Association while the EC summit was under way in Copenhagen, said it was vital for the European and world economies that satisfactory solutions were found to the problems of the common agricultural policy.

Mr Lawson said that the CAP cost European Community taxpayers more than £15bn last year and the bill would reach £20bn next year if no action were taken. He added: "We cannot go on this way. There is an increasing acceptance in Europe that reform is needed".

He said Britain would make every effort to ensure a programme of action for reform was agreed this weekend but he stressed that agricultural support and protection was not just a European problem. The US and Japan were also supporting their farmers on a massive scale and the developing countries, who ought to have a comparative advantage in agriculture, found the odds stacked heavily against them.

Mr Lawson said the scale of agricultural support distorted the world economy and reform was all the more important following the worldwide stock market collapse.

A lurch into protectionism would pose a major threat to continued economic success. Europe could signal its commitment to an open trading system by reducing agricultural protection.

Mr Lawson said the elimination of agricultural surpluses would be easier to achieve if all nations acted together. Agricultural support and protection was being discussed in the new Gatt round for the first time, but the negotiations would take time.

MR GEORGE YOUNGER, the Defence Secretary, yesterday laid the keel of Britain's second Trident missile submarine and said: "The debate on Trident is now over."

The submarine would "provide Britain with an effective and credible strategic deterrent well into the next century," he said after pressing a button at Vickers' Yard at Barrow-in-Furness to lay the 42-foot diameter keel of the £425m HMS Victorious.

Mr Younger referred to the welcome prospect of a US-Soviet arms deal next week and the likelihood of further arms reduction talks, but stressed that these discussions did not affect the need for the Trident submarine fleet.

Even if there were 50 per cent cuts in the strategic weapons of the superpowers, it would leave Russia with about 6,000 strategic nuclear weapons.

Two more Trident submarines will follow at Barrow. Mr Younger said he hoped to place orders for the third Trident submarine some time next year, subject to negotiations.

Japanese to sample Bass export

BY LISA WOOD

BASS ALE, a quintessential British brew, will soon be available in the drinking establishments of Japan.

Bass Export, a subsidiary of Bass, the brewing and leisure group, has signed an agreement with Asahi Breweries of Tokyo for Asahi to import and distribute Bass ale throughout Japan.

The brand will be the first traditional British ale to be sold in Japan. Beer imports in Japan are tiny – an estimated 0.2 per cent of consumption – but western-style drinks are becoming increasingly popular.

Some foreign lager brands, such as Budweiser, are brewed in Japan, where beer consumption at an estimated 44 litres per head a year is less than half of that in the US and many European countries.

Mr John McCormick, commercial manager of Bass Exports, said there were no plans at present for Asahi, Japan's third-largest brewer, to brew Bass ale under licence.

Bass Export's biggest overseas market is the US. An export drive was recently launched in Europe and Australia, where it is marketing its Tennent's lager.

Shipyards 'in difficulty'

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

MARKET CONDITIONS in shipbuilding were worse last year than at any time since the 1920s, Mr John Parker, chairman of Harland and Wolff, said yesterday.

Mr Parker confirmed that the state-owned Belfast shipyard lost £57.8m in the year to March, compared with £26.7m in the previous year.

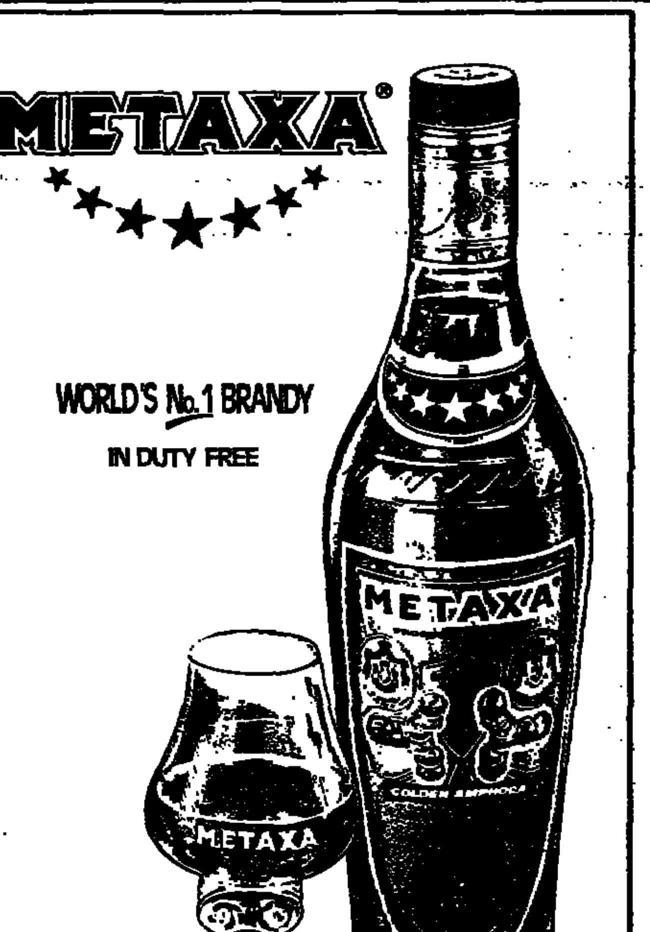
The total loss for the year was increased to £75.5m, when £17.7m, used to finance part of a 22 per cent workforce reduction, was included.

Mr Parker said survival remained the principal aim of most of the world's shipbuilders, including many in Japan, where cuts in capacity and manpower are also taking place.

"It is up to all of us to ensure the continued introduction of the most efficient and cost-effective methods of working.

"Only in this way can the company place itself in a competitive position to benefit to the full when the forecast upturn in market conditions in the early 1990s becomes a reality," he said.

Mr Parker said government support was needed for Harland and Wolff to help it survive the shipbuilding crisis in the interests of the Northern Ireland economy.



Court blocks Watford's sale to Maxwell

Financial Times Reporter

THE FOOTBALL League was yesterday granted temporary High Court orders banning the completion of publisher Mr Robert Maxwell's deal to buy out Elton John's interest in First Division Watford Football Club.

Two injunctions were granted. The first was against Mr Maxwell, Maxwell Communication Corporation PLC (formerly the British Printing and Communication Corporation PLC) and Mr John Holloran, managing director of BPCC.

The second injunction bans Watford Football Club Ltd from registering the transfer of any of the shares into the name of any Maxwell company.

Mr Maxwell, said counsel, was chairman and majority shareholder of Derby County FC, and members of his family had interests in Oxford United and Reading.

The League contended that the proposed Watford purchase would break the League's rules.

Glamorgan audit

IN OUR report "Three face accounting reprimand" (November 25) it was stated that David John, formerly general manager and finance director of Glamorgan Building Society, was a partner in an accounting firm which had audited the society. In fact, the firm did not act as the society's auditor, but had provided it with various other services such as accounting and tax advice.

CLOSING DOWN AUCTION
END OF LEASE SALE
MAYFAIR CARPET OF BOND STREET

Regret to announce sale of entire stock by auction including
RUGS, CARPETS, RUNNERS
Part will be sold on Sunday 6th December
Time 3.30 pm at the Charter II Suite,
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Tel: 01-836-2400 — Auctioneer
For Further Information — Mr Jack Franses
Please Contact — An Ex-Director of Southebys
Mayfair Carpet Gallery
Tel: 01-493-0126

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Auction Time - 3.30 pm precisely

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Richard Waters on radical changes being considered by our big mortgage lenders

Building a place in stock market society

BUILDING SOCIETIES are turning their minds to what could be momentous changes. The option of becoming public companies – potentially the most important development in the movement's history – moved a step closer this week with the publication of regulations governing the transition from mutual societies which it would entail.

It follows a week after the decision to allow societies to increase the proportion of funds they can borrow on wholesale markets from 20 per cent to 40 per cent of total share and deposit accounts.

Meanwhile, a review of restrictions on the types of business they can undertake, imposed by the 1986 Building Societies Act, is under way and will change the face of the industry.

Under the 1986 act, societies are allowed to convert to companies from January 1. This is not a decision they will take without a lot of soul-searching, though they are aware that their competitive environment is changing beyond recognition.

The board of Abbey National, most frequently tipped as the first likely convert, discussed the issue last week. "The board has looked at various papers on plc [status]," says Abbey National. "But the concrete proposal has never been voted on." The boards of other societies are also interested, although none is prepared to say how much.

According to the corporate finance director of one investment bank, at least two societies have sought to retain City advisers while a further three have approached banks for advice on whether they should go public.

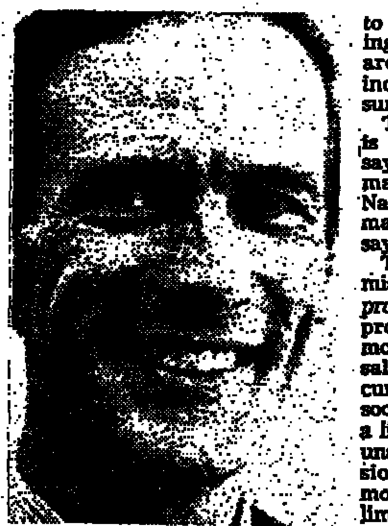
Societies have the other changes to digest without rushing the public company question. The decision on wholesale funding is seen as of far more immediate interest. It will allow societies to plan their finances with more assurance and compete more effectively with other mortgage lenders.

Northern Rock, a society with assets of about £2bn, thinks the wholesale rule gives it a chance to win back a share of the mortgage market lost to banks and other lenders in recent years.

"We've now got a fall-back position – we don't need to keep on bidding up the cost of retail finance. That will keep our finance costs down," says Mr Kevin Southwood, a general manager at Northern Rock.

Northern Rock has already demonstrated its intention to hit back at other lenders. It cut its interest rate on mortgages of more than £50,000 to 9.9 per cent this week, making it the first society to cut its rate a second time in the current round (it opted for 10.3 per cent last month) and bringing it into line with the likes of Sumitomo, Girobank and Mortgage Corporation.

Mr David Gilchrist, general manager (strategy) at Halifax Building Society, reckons the cost of retail funds to be between 1 per cent and 1.5 per cent greater than wholesale money. But the societies would not be able to replace retail with wholesale funds overnight even if they wanted to; there are limits to the depth of the wholesale market.



Tim Melville-Ross: Nationwide Anglia may need £250m

Wholesale investors' enthusiasm for societies has waned, says Mr Kevan Keegan, of Phillips & Drew. Societies' first wave of funding, though greeted enthusiastically, failed to establish a wide enough spread of investors. As a result, to raise funds they will have to pay nearer ¼ per cent over the London Interbank Offer Rate (Libor) compared with the ⅛ per cent margin of the past, he says.

The wholesale rules impose greater strains on societies – a fact not lost on the Building Societies Commission. It is placing more emphasis on balance-sheet management, a skill new to societies. Questions of matching maturities and interest rates are now being tackled by increasingly sophisticated treasury teams in the large societies.

The average life of a mortgage is between five and six years, says Mr James Tyrrell, general manager (finance) at Abbey National. "A medium-term bond matches that very neatly," he says.

The Building Societies Commission has also imposed rules to protect retail depositors, in the process making it potentially more expensive to raise wholesale money. Wholesale lenders currently rank ahead of building society investors in the event of a liquidation. This is "inherently unsatisfactory", says the commission, particularly as societies move towards the 40 per cent limit.

It has therefore told societies that wholesale lenders must rank alongside retail depositors. If for legal reasons this proves impossible, they should boost their capital to protect their depositors.

While wholesale funds answer some of the societies' problems, the question of whether to convert to public company status is an issue that all will have to face sooner or later.

As mutuals, societies lack one thing which they would have as companies: access to substantial amounts of new capital. Their capital at the moment consists entirely of retained profits. This may be adequate as long as they stay close to their traditional businesses of deposit taking and mortgage lending. However, entering new areas of business could put pressure on the capital resources of even the biggest societies.

The capital demands of societies' involvement in new areas of business might be large. Nationwide Anglia's announcement last week that it will invest £600m over the next five years in rented housing could require it to provide as much as £250m of capital to support the scheme, says Mr Tim Melville-Ross of Nationwide Anglia.

However, Nationwide Anglia plans to finance its capital needs out of retained earnings. If it is unable to do this, it will consider issuing subordinated loan stock or capitalising subsidiary companies rather than turning itself into a public company. Being answerable to institutional investors is not a course that Nationwide Anglia's executives are keen to follow.

Until the Building Societies Commission rules on what societies are allowed to do, these issues remain theoretical.

If it retains restrictive rules, then societies may convert to companies (becoming banks in the process) to escape the restrictions. If the commission takes a liberal approach, societies may not be able to take advantage of the opportunities under their present structure and so need to convert anyway to raise extra capital.

"There's a bit of a Catch 22 about it," acknowledges Mr Gilchrist of Halifax. It is this that could eventually lead building societies to the stock market.

Looking for converts, Weekend FT, Page V

Suter chief sues Channel 4 over alleged libel

BY MIKE SMITH

MR DAVID ABELL, chairman and chief executive of Suter, an engineering conglomerate, is suing Channel 4 for alleged libel in a programme on insider trading.

Clifford Chance, Mr Abell's lawyer, yesterday also served writs alleging libel on Fulcrum Productions, the company which made the programme, and on Mr Christopher Hird and Mr Richard Belfield, the reporter and director.

As well as claiming damages, the writs seek to restrain the defendants from broadcasting the programme again or publishing "any allegation . . . to the effect that the plaintiff is guilty or has been guilty of insider dealing in any way whatever." Both Channel 4 and Mr Belfield, for Fulcrum and Mr Hird, said they would contest the claim.

Mr Abell issued the writs after a morning meeting attended by Clifford Chance lawyers, representatives of Robert Fleming, his merchant bank, and public relations advisers.

Earlier this week he failed to win a High Court injunction to prevent the programme, The Insiders, from referring to him. He said afterwards he had never been involved in insider trading and threatened "approporiate action" if the programme suggested otherwise.

Wednesday evening's programme looked at insider trading and concert parties – when groups of investors band together in a takeover battle – on both sides of the Atlantic.

The second half concentrated on alleged share transactions in which either Mr Abell or Suter had been involved.

Companies in whose shares the alleged transactions took place include James Neill Holdings, Raine Industries, Tilbury and Metal Closures – all engineering companies – and Appleyard, the vehicle distributor.

Mr Abell, a former chief executive of British Leyland subsidiary Prestcold, has been in charge of Suter for six years.

Shares in the company fell 18p last night to 132p. That compares with a high for the year of more than 300p.

Assurance contracts 'should give charges'

BY ERIC SHORT

INVESTORS considering taking out with-profit contracts from a traditional life company should be given the relevant charges made on the contract, claims the Consumers' Association.

In its evidence to the study by leading accountants Peat Marwick McLintock on life assurance charges and expenses, the association asserts that investors need "solid" information in a clearly stated and easily understood form on all investment products so that investors can make rational long-term investment decisions.

The association considers that such information would include investment returns and the charges on the contract.

This theme of product disclosure is central to the financial services legislation which comes into operation next year.

However, the life assurance industry has consistently opposed disclosure of charges on traditional with-profits contracts on the grounds that because of the inherent pooling arrangements it is not possible to produce a meaningful figure for charges.

The Securities and Investments Board, the body controlling investor protection, which is under political pressure for disclosure, has commissioned Peat Marwick McLintock to study the subject and its report is expected next February.

The association in its submission claims that it is possible to calculate charges for with-profit contracts. It puts forward two methods of calculation that can be made in a valid manner, one of which has been developed by Mr Geoffrey Bernstein, an actuary in private practice.

Kalamazoo re-organises

BY CLAY HARRIS

KALAMAZOO, the Birmingham-based business systems and services group, is reducing the size of its executive board as part of a corporate re-organisation.

Mr Iain MacKenzie, finance director, and Mr Michael Amies, managing director of the business forms division, will take early retirement at the end of the year. The company described their departure as amicable and by mutual agreement.

Mr Tony Garnier, the chairman, said yesterday that the two men would not be replaced. Mr Geoffrey Braithwaite, company secretary, will assume Mr MacKenzie's financial duties.

Kalamazoo is re-organising its business into three divisions: business units, corporate services, and marketing and distribution.

GRANVILLE
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High	Low	Company	Price	Change	Gross div (p)	Yield %	P/E
206	133	Ass. Brit. Ind. Ordinary	202	0	8.9	4.4	7.6
207	145	Ass. Brit. Ind. CULS	207	0	10.0	4.8	
41	31	Armitage and Rhodes	31	-1	4.2	13.5	4.3
142	55	BBB Design group (USM)	35	-5	2.1	3.7	8.8
188	106	Bardon Group	155xd	+1	2.7	1.7	26.5
186	95	Bray Technologies	145	-1	4.7	3.2	11.6
281	130	CCL Group Ordinary	268xd	0	11.5	4.3	6.9
147	99	CCL Group 11% Conv.Pref	135	0	15.7	11.6	
171	136	Carborundum Ordinary	137	-1	5.4	3.9	11.9
104	91	Carborundum 7.5% Pref	104	0	10.7	10.3	
180	87	George Blair	144	+1	3.7	2.6	3.7
143	77	Isis Group	77	-1			
102	59	Jackson Group	91xd	+1	3.4	3.7	10.1
780	320	Multihouse NV (AmstSE)	340	0			13.5
88	35	Record Holdings (SE)	63	-2	0.1		12.7
115	83	Record Hldgs 10% Pref (SE)	108	0	14.1	13.1	
91	58	Robert Jenkins	58	-1			2.6
124	42	Scruttons	124xs	0	5.5	4.4	4.9
224	141	Torday & Carlisle	202	+1	6.6	3.3	9.8
71	32	Trevian Holdings (USM)	65	-4	2.7	4.2	7.0
131	41	Unilock Holdings (SE)	47	-3	2.8	6.0	8.7
264	115	Walter Alexander (SE)	165	0	5.9	3.6	12.2
205	190	W.S Yeates	205	+1	17.4	8.5	20.5
175	96	West Yorks.Ind.Hosp.(USM)	120	0	5.5	4.6	12.7

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LOCAL GOVERNMENT FINANCE BILL

REPORTS BY RICHARD EVANS

Proposals for funding local authorities outlined

THE Local Government Finance Bill published yesterday sets out the Government's radical proposals for changing the whole structure of funding local government expenditure, an area that has become politically increasingly contentious in recent years.

The bill, due to receive its Commons second reading later this month, would abolish domestic rates and introduce a flat-rate community charge, or poll tax, payable by almost all adults; introduce a national non-domestic rate which would not rise by more than the level of inflation; and simplify the system of paying central government grants to local authorities.

The community charge will be introduced in one move on April 1, 1990, in all local authorities in England and Wales, except for the highest-spending areas in London, where it will be phased in over four years between 1990 and 1994.

Householders in these boroughs will continue to pay a declining portion of their rates. The community charge is to be introduced in Scotland in 1989 under separate legislation.

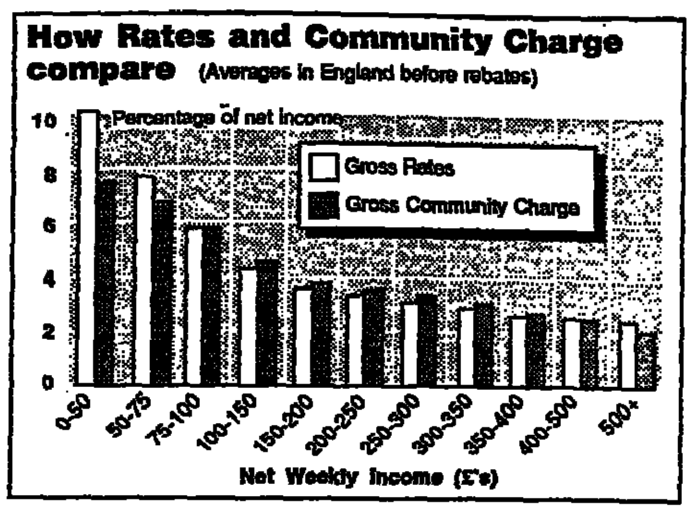
The national non-domestic rate, which will establish a uniform business rate poundage, will follow a revaluation of all non-domestic property to take effect from 1990.

The proposals represent a big political gamble by the Government, as ministers admit that more people will be adversely affected by the community charge than will benefit. The timing of its introduction means that the impact is likely to come shortly before the next general election, due at the latest by 1992.

According to ministers the present system of rates has become totally discredited and needs to be abolished because of its lack of accountability.

Mr Nicholas Ridley, Environment Secretary, said yesterday: "There is virtually unanimous agreement that the domestic rating system is no longer a viable basis for local democracy, or a fair basis for local taxation."

But the alternatives chosen by the Government have received a lot of criticism from a wide range of organisations and individuals, principally on the grounds that they take no account of the ability to pay, thus hitting the poor and those with large families adversely; that they will be extremely expensive to collect; that they represent an unacceptable invasion of privacy; and that they transfer too much power to central government.



Plans for non-domestic charges scheme detailed

PART III of the bill provides for the temporary continuation of the present system of non-domestic rating, the introduction of the new national non-domestic rate separately in England and Wales, and the pooling and redistribution of the income.

Non-domestic properties include shops, offices, factories, public utilities and institutions such as hospitals and schools. At present about 53 per cent of non-domestic rates in England and Wales comes from commercial properties, 28 per cent from industrial properties and 19 per cent from other premises.

The Government believes the great variations in business rate poundage set by local councils, caused by resource equalisation and different spending policies over which the non-domestic ratepayer has no control, can damage efficiency and distort competition.

Under the system confirmed in the bill, the Government would set a national non-domestic rate poundage (NNDR) for England and separately for Wales for each year beginning in 1990-91.

The poundage that year would be set at a level equivalent in real terms to the average of individual poundages set by local authorities in 1989-90. The proportion of local government spending financed by non-domestic rates would therefore stay the same.

Where rate rises are substantial, businesses will be given time to adjust

Future increases in the poundage would be limited by the legislation to no more than the rate of inflation to give businesses the certainty that this element of their costs would be stable. An amendment will be tabled during the bill's passage through parliament giving powers to levy non-domestic rates at less than the inflation rate.

The rate would be collected, as now, by local authorities. The income would then be pooled and redistributed to local authorities as an equal amount per adult in their area. Most authorities will receive more than they collect locally.

For charities there will be a mandatory 50 per cent reduction in the rate bill, and for composite properties (those which are partly domestic) rates will be levied only on the non-domestic part of the rateable value.

The bill's pilots: Michael Howard, Local Government Minister, (left) and Nicholas Ridley, Environment Secretary

Unoccupied non-domestic property will be liable to half the rates that would be payable if the property was occupied, subject to prescribed exemptions.

To provide an up-to-date basis for levying the NNDR, there will be a revaluation of non-domestic properties which will take effect from April 1, 1990. The revaluation will take account of the significant changes in rental values since the last revaluation in 1973. The method of assessing rateable values based on market rents will be the same.

The bill proposes a statutory requirement for future general revaluations at intervals of not more than five years. If the year for which a poundage has to be set is one in which a new valuation list has been compiled, then the poundage will be determined in the normal way but reduced in proportion to the increase in aggregate rateable values.

The intention is that there should be no increase in the proportion of the total yield of non-domestic rates as a result of subsequent revaluations.

The effect of the NNDR will be higher poundages in areas where they are at present low, and decreases where they are now high, thereby removing the distortions of competition caused by variations over which businesses have no control.

The combined effect of revaluation and the move to the NNDR is likely to result in substantial rate increases for a relatively small number of businesses, particularly the type which is likely to see a relative increase in rateable value and which is also situated in an area where present rates are substantially below the NNDR.

The revaluation will tend to increase nearly all rateable values because of inflation, but this will be offset by an equivalent reduction in the NNDR poundage so that the total burden on the non-domestic sector should remain the same.

Values in some sectors will go up more than in others, and properties with rateable values increased by more than the average will face higher rates. The largest increases are likely to affect shops on prime sites.

Where rateable values rise by less than the average, rate bills will be lower. This is likely to be the case for much older industrial and warehouse properties.

In general, rateable values in the south are likely to have risen by more than those in the north, but precise details will be available only when the revaluation is completed.

The bill confirms that where rate increases are substantial, businesses will be given time to adjust. Larger increases will therefore be phased in over the five-year period up to the next revaluation, with a ceiling on the percentage by which anyone's rate bill is allowed to rise in one year.

These arrangements will be paid for by a small premium on the national poundage, which will be withdrawn as the cost of the transitional arrangements decreases. It will not become part of the basic "poundage" which will be increased in line with the retail price index or less.

There will be no equivalent phasing for gainers, so those expecting substantial rate reductions will receive almost all the benefit in 1990.

Grants system will be simpler

THE BILL gives details of the promised simplified system of paying central government grants to local authorities.

At present almost half of local authority revenue expenditure comes from government grants, mostly in the form of block grants.

This is paid to compensate local authorities for the differences in the amount they need to spend to provide a comparable standard of services, and to even out the differences in income local authorities can raise from a given rate poundage.

According to the Government, the present system has a number of major weaknesses, including the fact that each council's grant depends on its spending. This obscures local accountability because ratepayers cannot easily relate their rate bills to the council's spending decisions.

In addition, it is unstable because grant entitlements can vary greatly from year to year due to spending differences and changes to needs assessments.

There is an element of unfairness because the equalisation of rateable resources to ensure that all authorities can provide a standard service for the same rate in the pound means that substantial sums are allocated to councils in a way that is incomprehensible to those whose bills it affects and is unrelated to local spending.

It is argued that the new system will ensure that the community charge will be the same in any two areas receiving a standard level of services.

The main features of the proposals in the bill are a single revenue support grant that will compensate fully for differences between areas in the need to provide local services; a simpler assessment of need; and grants fixed before the beginning of each year.

Revenue support grant will be paid into a "collection fund" run by each district or borough council on behalf of all authorities in an area, as will income from business rates redistributed from the national pool as an equal amount per head.

The income requirements of the districts, counties and other precepting authorities, such as the police and fire authorities in metropolitan areas, will be met from the fund.

The community charge, which will also be paid into the fund, will be set to raise the difference between authorities' spending requirements and the income to the fund from grants and non-domestic rates.

Three categories of poll tax payment to be established

THE COMMUNITY charge, or poll tax, will replace domestic rates with a flat charge set by the local authority and payable at the same level by all adult residents in the area. There will be rebates for those on low incomes.

If all local authorities spent the amount judged by the Government to be that needed to provide a standard level of services, the charge would be exactly the same throughout the country – £178 on this year's spending levels when the new system is fully in place.

Each adult will be liable to pay the personal community charge in the area of his or her sole or main residence. The initial judgment will be made by a community charge registration officer, but there will be a right of appeal to a local tribunal.

There will be a number of exemptions from the charge, including long-stay hospital patients, people under 19 and still at school, the severely mentally handicapped, anyone in respect of whom child benefit can be claimed, convicted prisoners, foreign diplomats, and members of overseas armed forces.

The bill establishes three types of community charge - the personal, which most people will pay, the standard, and the collective community charge. The standard charge is designed for domestic properties where no one is permanently resident, such as second homes, and the collective charge will affect those who move frequently.

All properties at which no one is solely or mainly resident will be liable for a standard charge equal to two units of community charge for the area. This will mean that the bill for an average house should be broadly the same as with rates.

The bill proposes that local authorities in England and Wales should be able to set a lower charge or no charge if they wish, and different charges for different types of property. In England it is proposed to set a limit of one personal community charge for caravans and chalets.

Multi-occupied accommodation will be liable for the collective charge, where people will pay a contribution to the landlord rather than register individually with the local authority.

The collective charge will be used only where individual registration and collection is considered impractical. The landlord would be charged according to the number of adults living in the property, less 5 per cent for administration costs. It would then be up to him to recover the relevant amount from tenants.

Each district and borough will maintain a register of those liable to pay the charge, based on information from canvassing and notification of change of address. The first canvass is expected to take place nationally in the summer of 1989.

Failure to respond to a canvass within the time permitted, or supplying wrong information, will attract a civil penalty. The bill allows councils to impose a flat-rate penalty of £50 for a first offence and £200 for each successive offence.

Everyone liable to pay will receive their own community charge bill and will be personally responsible for paying it, but married couples and couples living together as man and wife will be "jointly and severally" liable for each other's payments. Payment will normally be by 10 instalments.

Exemptions from the charge will include people at school and aged under 19

In areas where local authorities have budgeted to spend more than £130 a head above their grant-related expenditure assessments in 1987-88, the proposals are that domestic rates should be retained in 1990 and set at a level to allow a community charge of £100 if spending levels remain unchanged.

Domestic rates will then be phased out and the full community charge phased in by 1994-95. On this basis, the phasing in will only apply throughout inner London because of high spending by boroughs or by the Inner London Education Authority, and in the outer London borough of Waltham Forest.

The bill also confirms the introduction of a safety net to limit the speed with which community charge and ratepayers feel the effect of the move to the new grant and business rate system.

The transitional period will mean that the effect of changes in grant and non-domestic rate will come through gradually. In 1990-91 there will be no change except that it is proposed that contributions will be limited to a maximum of £75 per adult from any area. The net will be phased out in equal stages between 1991-92 and 1994-95.

APPOINTMENTS

ICI Fibres commercial director

Mr John Coleman, who has been general manager - sales and marketing at ICI FIBRES since last January, joins the executive as commercial director. He succeeds **Dr Iain Macfarlane,** who was technical director. Dr Macfarlane has become territorial executive for South America, based in London. Mr Macfarlane's remit includes research and development.

★

NATIONAL TELEPHONES GROUP has formed a new company, National Telephones Systems, and appointed **Mr David W. George** as its managing director. He joins from Duracell.

★

Mr Gunnar M. Carlsson has been appointed managing director of MONTAGU & CO. AB, Swedish subsidiary of Midland Montagu, investment banking and securities arm of the Midland Bank Group. He was managing director of Christiania Bank AB, Stockholm.

★

BEATSON CLARK, Rotherham, has appointed **Mr David N. Whitwam** as managing director of the plastics division, comprising Beatson Plastics, Brookhill Mouldings, and Unit Moulders. He joins from Johnsen & Jorgensen Plastics where he was managing director.

★

HUNTER INTERNATIONAL has appointed **Mr Ron Broome** as chairman and joint managing director of the building products division. **Mr Peter Brown,** previously sales director, becomes joint managing director. **Mr Pat Burbidge** joins the board as sales and marketing director. **Mr Laurie Saunders** has been appointed works director.

★

Mr John Murray has been appointed an executive director and joins the board of SWISS BANK CORPORATION INTERNATIONAL. He was a general partner of Chilmark Partners, a corporate finance advisory firm in Chicago.

★

SHOTTON PAPER COMPANY has elected **Mr J.K. Lyden** as managing director to succeed **Mr Jukka W. Marttinen,** who will retire on January 15. Mr Lyden is currently administrative director and company secretary. **Mr Heikki Peltola** joins the board on January 1 as paper machine number two project director. He is project director for light weight coated number six machine at United Paper Mills' Kaipola Mill, Finland.

★

CRANE FLUID SYSTEMS has appointed **Mr Angus McGready** as technical director. He was technical director at Wilkinson Sword.

★

Mr Richard Clough has been appointed group managing director of ANGLIA SECURE HOMES.

★

Mr Brian J. Dix has been appointed to the board of RACAL-CHUBB. He joins from Thorn Security where he was managing director.

★

FTC HOLDINGS has appointed **Mr Paul Hewitt** as finance director. In 1984 he was an adviser to Marketforce Group during a management buyout and subsequently joined the company as group finance director.

★

FULLER, SMITH & TURNER has appointed **Mr Arthur Curtis** as financial director designate. He is currently a partner of Ernst & Whinney.

★

Mr Edwin Clark has been made chief executive of ATHENA INTERNATIONAL from January 1. He has been managing director of Asher Systems Furniture since it was established three years ago.

★

Mrs Rosalind Gilmore has been appointed a non-executive director of the LONDON AND MANCHESTER GROUP from January 1. She was director of marketing and personal banking at Girobank.

★

Dr George Assousa has joined COATS VIYELA as chief science and technology adviser, and as chairman of Coats Viyella Technologies. He was chief executive of Gryphon Technology Investors.

★

From December 7 **Mr John Miln** becomes managing director of PEPE U.K. He was sales director of Pringle of Scotland.

★

CAP GROUP has appointed **Mr Andrew Carrington** as company secretary and group solicitor. He joins from the Prestige Group.

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UK NEWS - EMPLOYMENT

POST OFFICE WORKERS AGREE TO PRODUCTIVITY SCHEME AND FLEXIBLE WORK

Mail staff win reduction in hours

BY JIMMY BURNS, LABOUR STAFF

LEADERS of the UCW postal union yesterday announced a one-and-a-half hour reduction in the working week for 110,000 sorters and delivery staff in return for new productivity-linked measures aimed at improving efficiency and quality of service.

Details of the agreement reached between the Post Office and the Union of Communication Workers, which ended the threat of disruption to Christmas mail services, emerged after the deal was ratified by the union's executive, which will now recommend its acceptance by UCW members.

While the reduction in the working week falls short of the three hours originally sought by the union, UCW officials yesterday claimed it meant Post Office workers had become the largest group of public sector employees to achieve a major reduction in hours since the Government came to power in 1979.

Features of the agreement include

- A shorter working week from September 1988 for parcels staff and from November 1,1988 in the letters division.
- A new performance-based productivity scheme for 6,000 parcel staff from 1 April, 1988, and from the same date a three-year "interim" real unit labour cost scheme for 110,000 sorters and delivery staff.
- Buying-out from the same date current productivity bonuses. For those employees earning weekly bonuses of more than £20, there will be lump sum payments which the union says could average more than £1,000.
- Co-operation from the UCW on the introduction of more flexible working patterns including the introduction of late deliveries on Saturdays.

Mr Alan Tuffin, UCW general secretary, said his union had endorsed a "magnificent agreement" which would avert a Christmas strike.

He said: "We have waited 13 years for this. It is 22 years since the union last won a reduction in the working week."

A feature of the agreement on productivity is that it will give the biggest boost for the lowest paid members that the union has ever achieved.

The UCW said yesterday that 48,000 Post Office employees will get a new pay supplement of £7.50 weekly. Of these, 22,000 employees had received no bonus whatsoever under the old productivity arrangement.

The union believed the reduction of the working week from next November 1 for sorters and delivery staff will be absorbed without cost to its members and that their earning levels will be maintained.

Kevin Brown reports on why the mail monopoly looks safe

Private groups in no rush to challenge PO

EXPRESS delivery companies were probably virtually alone in the UK yesterday in regretting the settlement of the Post Office dispute, which would have given them a clear run at the valuable Datapost and parcels business.

It is clear, however, that the private sector had neither the intention nor the capacity to provide an alternative general postal service during a strike, despite claims that they were ready to step into the breach.

Leaders of the Union of Communications Workers remain convinced that Ministers intend to remove the Post Office monopoly on non-premium mail - effectively letters costing less than £1 - and that the strike would have provided the perfect opportunity.

But private sector managers said that, in the short-term, there would be no rush to provide an alternative to the first and second class mail service, whatever the Government decides to do about the monopoly.

Mr Peter Towle, chief executive of Securicor Express, one of the biggest private parcels companies, said that even if all the private companies' resources were combined they would still be unable to match the Post Office system.

Other private sector managers made it clear that because of the scale of the investment required to increase capacity they would be looking for longer-term business.

Even TNT, the aggressive Australian-based transport group which has led the private sector attack on the Post Office, said it would require strong government guarantees before moving into ordinary domestic mail.

TNT suggests a duopoly like the competition between BT and Mercury

Mr Alan Jones, general manager of TNT Roadfreight, said a competitive service would require 20,000 extra staff and 9,500 new offices costing tens of millions of pounds.

"Obviously, to do that we would have to be assured of a long-term future. There is no way we are going to take on 20,000 people for three weeks and then get rid of them. It is morally wrong and we would very likely lose a packet on it anyway," he said.

Mr Jones said that even abolition of the monopoly would be unlikely to bring private companies into the ordinary letter market, unless the Post Office was abolished at the same time.

This is because of the immense volume of mail required to match the Post Office's unit costs, and therefore its prices. Most of the express companies believe that a low volume competitor would have to charge nearer £2 than 18p for a national letters service

TNT has suggested to the Government that the way around this problem is to create a duopoly along the lines of the competition between British Telecom and Mercury.

In this scenario, TNT would play Mercury to the Post Office's Telecom, and both would be guaranteed sufficient volume to operate efficiently.

TNT says it deserves this privileged status because of its established national and international delivery network, good labour relations, and experience of setting up distribution operations such the road delivery of Mr Rupert Murdoch's UK newspapers.

TNT will continue to press for competitive reform, especially in view of the possibility of further strike threats to mail services. Mr Jones said: "We cannot go on putting up with this sort of nonsense. It is holding UK Ltd up to ransom."

The Trade and Industry Department has kept a low profile on the possibilities of suspending of abolishing the monopoly, and there was no comment on the issues raised by TNT's proposed duopoly regime.

The DTI confirmed, however, that while primary legislation would be required to abolish the monopoly, it could be suspended for an indefinite period by statutory instrument, a procedure which would normally take about three weeks.

The duopoly suggested by Mr Jones would be fiercely resisted by TNT's private sector competitors, who would regard such an arrangement as an unjustified commercial coup.

Mr Colin Millbanks, European senior vice-president of Federal Express, a leading world express carrier, said he would have to study the cost of a postal service if the Post Office monopoly was lifted, but doubted that it would be possible to compete on price.

"I don't think there is much doubt that there is a ready market to try a competitive service, but I don't think there is much point in telling Mrs Jones it is going to cost £2 to send a letter to her mother-in-law," he said.

The real target of the private companies is to increase their share of the fast-growing express market, which has become increasingly competitive since 1981, when the Post Office monopoly on letters costing more than £1 was suspended for 25 years.

The Post Office also faces poaching on the margins of its international business, but again, this is directed largely at time-sensitive express services.

Mr Brian Fitsall, managing director, UK services, of DHL International, the largest international express carrier, said a strike in the future would cause some Post Office customers to switch to private carriers, and some business would then be retained after a settlement had been reached.

"But even if the monopoly was abolished I think it would be very difficult to offer a service that was competitive with the Post Office on a door to door basis," he said.

Building industry benefits plan agreed

By Eric Short
Pensions Correspondent

A REVISED industry-wide benefit plan for building employees, to meet next year's changes in the pensions environment has been agreed by the Building and Allied Trades Joint Industrial Council.

It is intended to provide employees in the building industry, which has the most mobile workforce in the country, to take advantage of new pensions opportunities.

The existing Batjic scheme provides holiday pay, death benefits and cash-sum benefits at retirement on a non-contributory basis for employees, with investment with the Abbey National Building Society. Pension provision has generally been left to the state.

But with the cuts in benefit from the State Earnings-Related Pension Scheme there is a need for employers to consider providing pensions for their employees. For the younger employees, better benefits than Serps can usually be given without any additional cost to the employer.

The existing scheme is to continue with two new layers added: a contributory retirement benefit scheme and a money purchase scheme that can be contracted out of Serps.

The first layer can be used to increase the tax-free cash sum. The second can be used to increase the ultimate pension. In each case employees get tax relief on their contributions.

Contributions made by the employer and employee are to be in multiples of 70p a week - the current minimum employer contribution for the non-contributory scheme.

The scheme has been arranged by Minet Consultancy Services and Crusader Insurance, the latter will underwrite the scheme, handle the administration and all the investment.

The key is simplicity and the pension contracts take the form of a deposit where the underlying value does not fall. Benefits are fully portable between employers.

There are currently 3,000 members in the Batjic scheme, but the potential membership is over 300,000

The scheme is endorsed by the Building Construction and Civil Engineering Group of the Transport and General Workers Union. Its national secretary, Mr George Henderson said that it would encourage members to join.

TV-am dispute intensifies as journalists prepare for ballot

BY JOHN GAPPER, LABOUR STAFF

THE INDUSTRIAL dispute at ITV's breakfast television company, TV-am, intensified yesterday when the National Union of Journalists at the company decided to ballot members on whether to support 229 technicians who have been locked out.

Shop stewards of the EETPU electricians' union from all ITV companies were meeting last night to decide whether to ballot members on national action to resist changes elsewhere.

Journalists at TV-am decided to go into formal dispute at a chapel (office branch) meeting yesterday, but are unlikely to ballot members until after a meeting of the NUJ's national executive next Friday.

Tyne Tees Television, which is in dispute with the EETPU over the dismissal of 39 electricians, yesterday briefed officials of the Acas conciliation service.

- Thames Television yesterday decided to retain production of a serial, The Bill, after staff agreed to cost-cutting changes in working practices under threat that the project would go to an independent producer.

The decision was made by executive directors of Thames yesterday after members of the Beta staff union had accepted the changes on Thursday.

Mr Richard Dunn, Thames managing director, said although the £9m cost of making the serial in-house would be higher than that of putting it out to an independent, the company would have greater creative control.

He said Beta staff and members of the ACTT technicians' union at Thames, which had agreed the changes earlier, had shown willingness to change in response to competition.

The agreement by the company's unions to changes, including more flexible meal breaks and the giving up of a location filming payment, marks the latest of a series of working practice reforms at Thames.

It is also the most significant example so far of an ITV company persuading unions to agree to changes by using the sanction of independent producers. The Government has said independents are to be allowed access to 25 per cent of the ITV network.

Leicestershire miners study six-day production

BY CHARLES LEADBEATER, LABOUR STAFF

THE LEICESTERSHIRE area of the National Union of Mineworkers has voted heavily for talks with British Coal over flexible working to allow six-day production at the mine it plans to develop at Asfordby, in the county.

The vote will ensure that the dilemmas created by the corporation's insistence that large new investments will be tied to the introduction of six-day production, will be a central issue in the NUM's presidential election.

The vote will widely been seen as a snub to Mr Arthur Scargill, the NUM President, who will campaign for opposition to six-day production. Mr John Walsh, his opponent, will argue that the union should open national negotiations over the issue.

The ballot among the 1,000 miners drew a 94 per cent turnout. About 81 per cent voted to authorise the area officials to meet the corporation to discuss flexible working at Asfordby.

Mr Jack Jones, the Leicestershire area leader, said the move was in line with the decision made at the last meeting of the NUM's national executive that areas should seek details from British Coal over future production strategy.

The Leicestershire NUM has long expected that Asfordby would provide jobs for miners from Bagworth and Ellistown, the area's remaining collieries, which will close by 1991. However, the NUM has is concerned that negotiating rights for the pit will be granted to the Union of Democratic Mineworkers.

- An area delegate conference of the South Wales NUM will next week decide whether the area should proceed with a legal challenge to the manner in which the presidential election was called.

It seems likely that instead of a legal challenge the conference will follow the lead of the Scottish area, by refusing to nominate Mr Scargill for the ballot and instead make no recommendation on which candidate the area should support.

Nuclear cancer deal

COMPENSATION for nuclear industry workers who contract cancer will soon be available whether or not they die.

This follows the signing yesterday of an extension to a compensation agreement between British Nuclear Fuels and the United Kingdom Atomic Energy Authority and their unions and staff

A 1982 agreement gave compensation for the deaths of employees who died from cancer when the cancer could be linked with a radiation dose received working for the company or its predecessors.

Procedures are voluntary and designed to make settlements quick, but claimants or dependants remain free to take cases to the courts instead.

Job shares up in local government

By Charles Leadbeater,
Labour Staff

THE EXTENT of job sharing in local authorities has increased significantly over the last six years, according to a survey published yesterday.

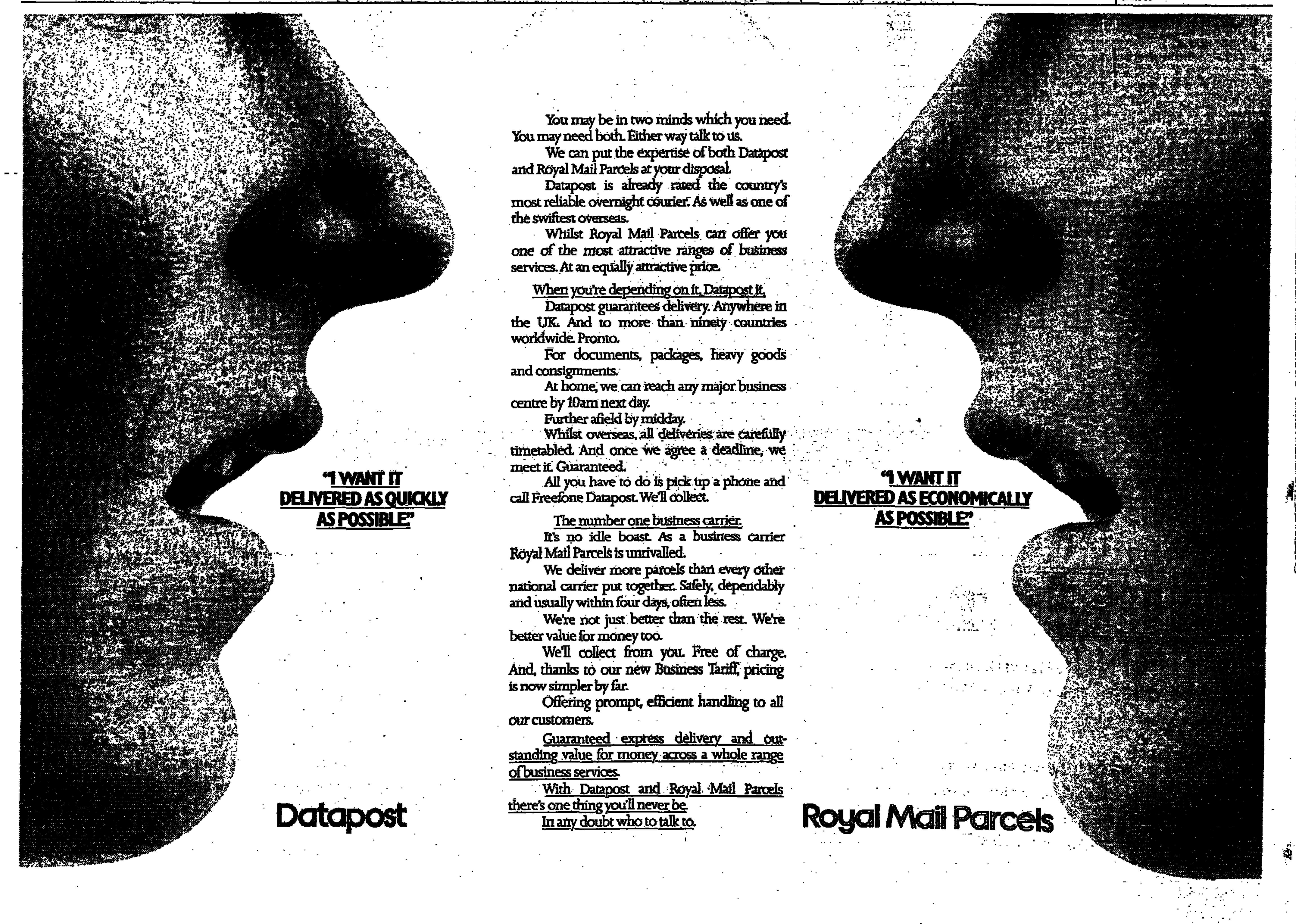
New Ways to Work, a job sharing research organisation, found that 56 local authorities have adopted job-sharing policies. The only previous survey of job sharing, published by the Equal Opportunities Commission in 1981, found only two local authorities had policies.

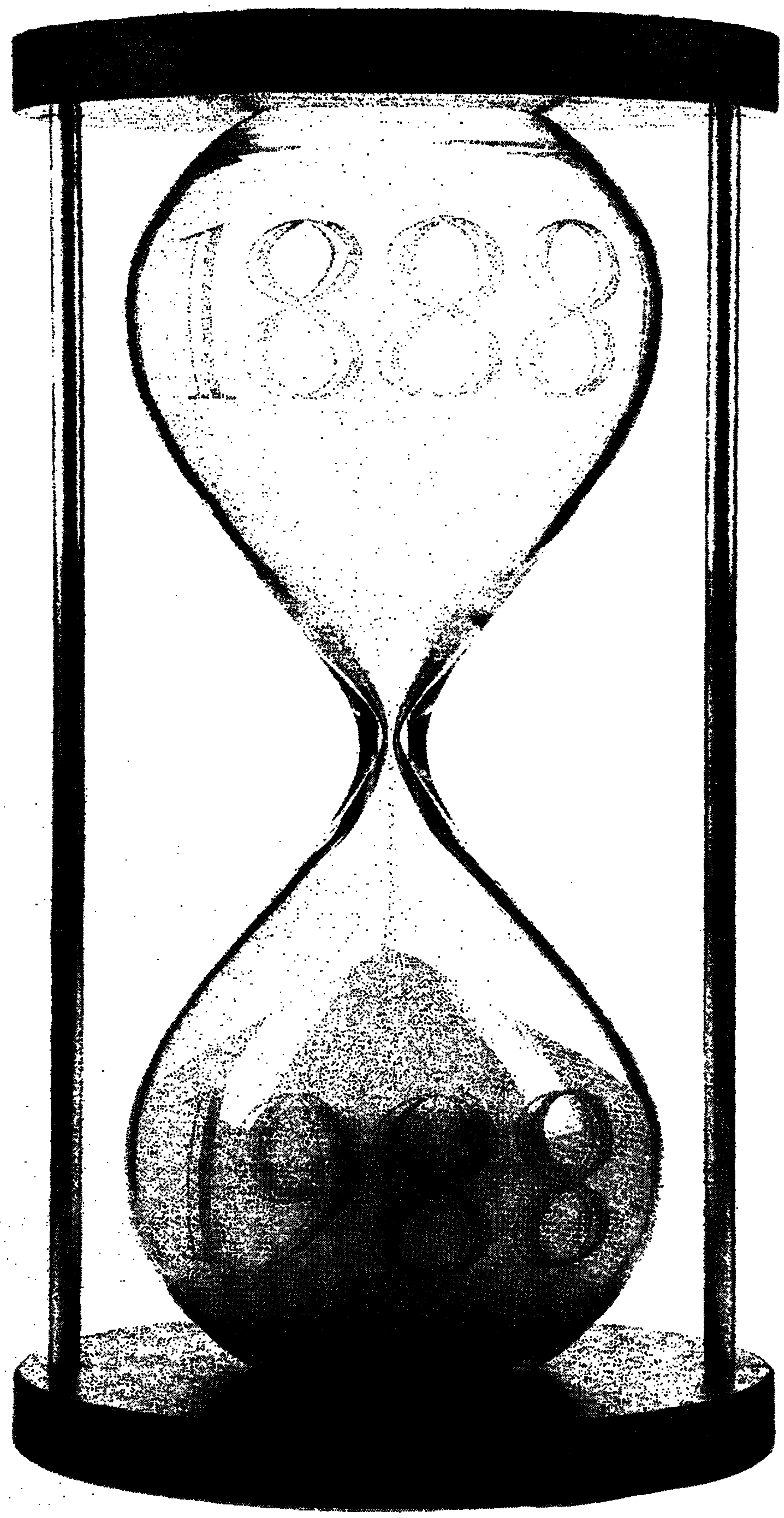
In the 56 authorities more than 2,000 people shared jobs. Studies of seven local authorities with well-developed job sharing policies found the most successful policies were implemented through trade union consultation, wide publicity of the opportunities available, and training and education for personnel managers.

The main advantages mentioned by employers were that job sharing helped to retain skilled staff and expand equal opportunities in employment.

Job sharing policies have been mainly initiated at the instigation of women returning to work after maternity leave, as one way to improve the quality of part-time work.

Job Sharing: Putting Policy Into Practice. Available from New Ways to Work, 309 Upper Street, London N1 2TY, price £6.00.





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Saturday December 5 1987

Discipline of the markets

THE PATTERN of events in world markets over the past 12 months is oddly suggestive of a financial accident looking for somewhere to happen. The pressure showed up first in the bond markets early in the year. Then it surfaced in equity markets in mid-October; and in the aftermath of the crash, the action shifted to the currency markets where the dollar went into seemingly inexorable decline.

This week saw the process come full circle. Not only did the Dow Jones Industrial Average plumb its lowest point since Black Monday on October 19 but there was a hint of renewed doubt in some of the world's bond markets – not least in Britain, where long dated gilt prices actually fell in response to the cut in British and other European short term interest rates.

Is this apparent circularity mere coincidence? Or has the financial maelstrom been following a coherent path? If anything, the latter; for we are witnessing a series of chain reactions in which investors and central bankers have, figuratively speaking, been arguing the toss about how to apply discipline to the American economic policy making process.

The sharp rise in the bond markets in spring was, in effect, a strike by private – and especially Japanese – investors who were reluctant to continue financing the twin budget and current account deficits in the US. Central banks responded promptly with urgent plumbing to prevent a further escape of steam from the system. They took over the job of financing the current account themselves, and were reckoned to have mopped up about $90bn of otherwise unwanted dollars by October.

Rebuild wealth

The problem with this emergency repair job was that it attacked the symptoms rather than the causes of the trouble, while opening up a whole new range of difficulties outside the US. The cost of intervention to support the dollar was a sudden surge in the monetary aggregates outside the US, which stoked up a speculative head of steam in stock and property markets. The October crash was the equity market's way of acknowledging that the central banks were unlikely to go on supporting the dollar in the absence of a marked shift in US fiscal policy designed to bring the current account back under control. Investors discounted a dollar collapse, renewed inflation, tighter money and, in consequence, recession.

At the time, this was regarded as a self-fulfilling set of expectations. The assumption was that investors would feel obliged to save more in order to rebuild their wealth. This would precipitate recession in the US, which in turn could be expected to be accompanied by a reduction in US imports – unless, of course, the Reagan Administration and Congress addressed themselves expeditiously to the problem.

In the event the market has concluded that the logic may have been faulty. There are growing doubts about how far the so-called "wealth effect" will curb demand and the doubts are encouraged by a whole series of economic statistics that describe a very buoyant US economy in the pre-crash period. The negotiations over the budget deficit have also failed to calm investors' psychology, as has the failure to fix a date for a new meeting of the Group of Seven industrial countries – though whether the market is justified in attaching so much importance to a meeting is a moot point.

Awkward truth

The one thing that unquestionably has happened is that the dollar has gone down and down, suggesting that the Americans continue to believe that they can enjoy economic growth without addressing the current account deficit. Monday's equity market fall was a cross between a despairing comment and an implicit threat. In the absence of increased domestic savings or a tougher attempt to curb the budget deficit, the only answer to the balance of payments problem is for the markets to increase the likelihood of recession by collapsing.

This continued turbulence reflects an awkward truth. Much of the US policy debate continues to be parochially domestic at a time when the country's deficits have been financed by foreign capital. The argument in Washington on whether to cut spending or raise taxes is largely domestic and political. The markets, on the other hand, are preoccupied with the question of how best to bring about balance of payments adjustment. In that context, cutting public spending is a less effective way of pruning the trade deficit than cutting private spending, which has a more direct impact on imports.

The implicit message here is that the markets are unlikely to sit back while the US pursues a policy of growth at any cost before next year's presidential election. Nor are the other developed countries necessarily immune from disciplinary treatment. The fact that long gilts fell this week signals some scepticism about the durability of the latest round of short term interest rate cuts. This year, it seems, the markets are in much less permissive mood than central bankers.

BRITAIN'S NATIONAL HEALTH SERVICE

The incurable demand for care

By John Lloyd

EARLIER this week, the University Hospital in Cardiff unwound a shroud of complaint for the Financial Times. The shroud was displayed by a marshalled series of nurses, doctors and administrators. It was woven of overwork and underpay; of lack of staff and ageing equipment; of increased throughput of patients; of emotional, financial and physical pressure; of politicians' indifference or cynicism; of dedication and care and commitment.

Part of the shroud's fabric was revealed (at the FT's request) through a tour of UHC, conducted by Mr Phillip McCaffrey, a precise Ulsterman, whose title is Director of Nursing Services but on whose office door the word "matron" has been preserved. The tour was at night. In an intensive care ward, two perspex ventilators were at work: inside each, a tiny baby, one born at 32 weeks, one at 28 (40 is the average). Both had bronchialitis, a common condition in premature babies whose lungs are not properly developed. Over the 28-week-old girl bent her mother, a woman of Chinese appearance, unaware of our intrusion. Her child, removed from the womb to this high-technology, transparent equivalent, gazed, twitched and sucked at a plastic pipe.

A few feet away, a broken girl lay on a bed, pipes and tubes sustaining her life. She had survived a car accident: survived because the South Glamorgan Health Authority had recently installed more life-saving equipment in its ambulances and staffed them with paramedics. The child would otherwise have died at the site of the accident or on the way to hospital.

The fact that she is alive at all is due to that medical decision and capital expenditure. Her life is sustained by continuing, and large, spending on people of whose existence she might never be aware. A nurse is at her bed day and night. Each intensive care bed – there are 12 at UHC – has permanent, dedicated staffing. On a seven-day, 24-hour rota, allowing for holidays, training, sickness and resignations, that amounts to 6.5 nurses per bed.

Mr McCaffrey finds it difficult – even in a modern, prestigious, well equipped training hospital, with fine staff facilities (a subsidised restaurant overlooks a little lake with a fountain) – to get enough nurses to staff the unit. "There is a bottleneck in intensive care," says Mr Andrew Henderson, professor of cardiology at the attached medical school. "And it means people dying."

Waving the shroud at journalists, as well as at politicians and civil servants, is now a recognised part of the business of medicine. From a brief but intensive examination, it seems to be the genuine article. But even that glimpse shows that the pressures on the National Health Service are a complex and, in part, endemic matter. For sure, it is exacerbated by particular shortages and constraints but, in its most important elements, it is incurable.

Political and media attention at present focuses on a shortage of nurses. Mr McCaffrey reckons he is some 50 down on a nursing establishment of 800, which attends to 850 beds.

"Nursing is not what it used to be," says Ms Chris Gilbert, one of UHC's 13 nursing officers. "There is much more strain, more pressure to get patients through. You can't give them the time."

"I used to be able to go home and say 'I may be tired but I've done a really good day's work,'" says state enrolled nurse Angela Gorman. "But now I feel guilty because I feel I'm not giving patients adequate care."

These are typical comments. All the nurses I met at UHC say that the job is more important than the money. But yet, as they also acknowledge, the matter usually comes back to money in the end.

"Nurses go to Saudi, to Australia and New Zealand," says Mr Rey Changkee, a nursing officer. "They get double the pay, at least."

But it is not just that. Sister Judith Bensow, who works on the intensive care ward, puts her finger on a common feeling when she says: "We want a career. Nurses get dissatisfied because they see other women getting ahead in careers now, and we remain stuck."

Nurses were once – according to a recent survey in Nursing Times – overwhelmingly single and female. They are still mostly women, but the view among pre-war matrons – that women could not "serve two hearths" – has given way to a profession which is no longer a semi-cloistered sisterhood. Now, they want both the things and the status which they see other working women, indeed other professional women, enjoying. In a culture where hard work is supposed to bring material rewards, nurses find themselves caught in a sentimentalised time warp from which they wish to escape.

How? "It is unthinkable that nurses would strike," says Mr McCaffrey. Not quite: it is thought of, discussed even. Nurse David O'Neill says: "The state of the feeling is such that nurses do think about striking" – but then he does not dissent when his colleagues say they would not. The main nursing union, the Royal College of Nursing, continually reiterates its opposition to industrial action. But the trap in which its members find themselves – caught between frustration and inaction – is deeply resented.

Managers deal with the results of this by becoming more inventive in recruiting. UHC has retained Trottman, a London agency, to assist in trawling for candidates; Mr McCaffrey has been over to Northern Ireland and the Irish Republic to interview nurses; a leaflet drop in every one of South Glamorgan's 140,000 households produced encouraging evidence of women willing to return to nursing.

Most of all, the administrators have to be flexible. Mr Lawrence Irvine, the unit administrator and Ms Eleanor Morgan, the personnel manager, have to take people for two or three days a week on shifts which are chosen. They are seeking to solve a shortage of medical secretaries (pay is lower than the market rate for secretaries in Cardiff) by bringing in married women at night to audio-type doctors' tapes prepared during the day.

All the managers think they should be liberated from centrally determined rates, which make no provision for the extra skills required, for example, in intensive care. A nurse needs 26 weeks' training for that work, and a sturdy emotional constitution to stick it; but she gets no more money for doing so. Earlier this year, 15 intensive care unit nurses left UHC in one month.

But the other part of the story is, or is said to be, more important. It is the nature of the NHS itself, a nature unsuspected by its "creator", Aneurin Bevan, a statue of whom stands on a hillside not many miles away. According to Mr John Campbell, Bevan's latest and finest biographer, he and his officials "actually expected that the cost of the service would grow less as the population got healthier ... they entirely failed to foresee that, far from declining, the demand for treatment, once freed from financial constraint, would prove literally infinite and the capacity of the medical profession to devise expensive new treatments scarcely less."

"People," says Mr Russell Hopkins, the surgeon who is the hospital's general manager, "expect to live, or expect their relatives to live now, when they did not before. Every advance is a new demand."

The demand does not just come from the patients, but from even closer to the hard-pressed administrators: the doctors themselves. Mr Henderson, who has been conducting a campaign for more cardiac facilities – especially for new-born babies who at present have to be sent to Bristol or London – is a continual, emotional advocate of more spending. "I am not talking of anything esoteric: only the kind of provision which similar advanced countries now take for granted, and which we do not have. In talking with our European and American colleagues, we find ourselves the poor men of the world."

The doctors argue that the rate of putting patients through the hospital can be increased, but only at the expense of morale, social life – and research. Dr Malcolm Puntis, a senior lecturer at the medical school, has a surgery list most mornings, though he had three cancelled in November for lack of staff. Earlier this week, he sat up until 2.30am working on a paper before being in the theatre for 8.20 the same morning. "This is common practice if you want to write," he says. Mr Henderson argues: "We're doctors: we can't refuse to answer the call of an emergency. But there are now so many emergencies, we find that research suffers. That's the seed-corn of the future."

Further, pushing through one kind of care means that other kinds suffer. The hospital was recently given a target of 600 cardiac operations a year by the Welsh Office, a figure based on the throughput of such operations on the best year to date. It can achieve that, says Mr Henderson, only by skimping on general surgery. "We're at each other's throats for resources," says Dr Puntis.

When pushed, they will admit the wounds are self-inflicted. Suppose no bright spark had developed plastic joints or heart bypass operations, or thought of putting more technology and paramedics in South Glamorgan's ambulances. Then there would be no waiting lists for hip operations, much less of a bottleneck in the intensive care unit, no broken child being sustained by tubes and electronics.

Yet these and much more are what medecine can do. And if it can do it for one, then the promise of the National Health Service is that it can, and must, do it for all. "They see it on the television," says Ms Gilbert, "and they want it too." It has something of the psychology of the child sitting in front of the television commercials: but, in this case, the "I want it too" is to save one's child or oneself from death or pain. If the wounds are self-inflicted, they are inflicted because people in the service must respond to an endless wail for help, for cure, for rescue from death.

There are some things the administrators can do to alleviate the squeeze, though they see them as marginal. On Wednesday, Mr Irvine had the tough task of addressing 200 domestic staff, to tell them that their jobs – cleaning, laundry, catering – would be put out to tender. He did not like doing it. "You feel you're picking on the people who are already the lowest paid and the least secure. You're not saying 'my job might go, or the doctors', or the nurses'.' They mainly asked about whether or not they would get a job with the new contractors."

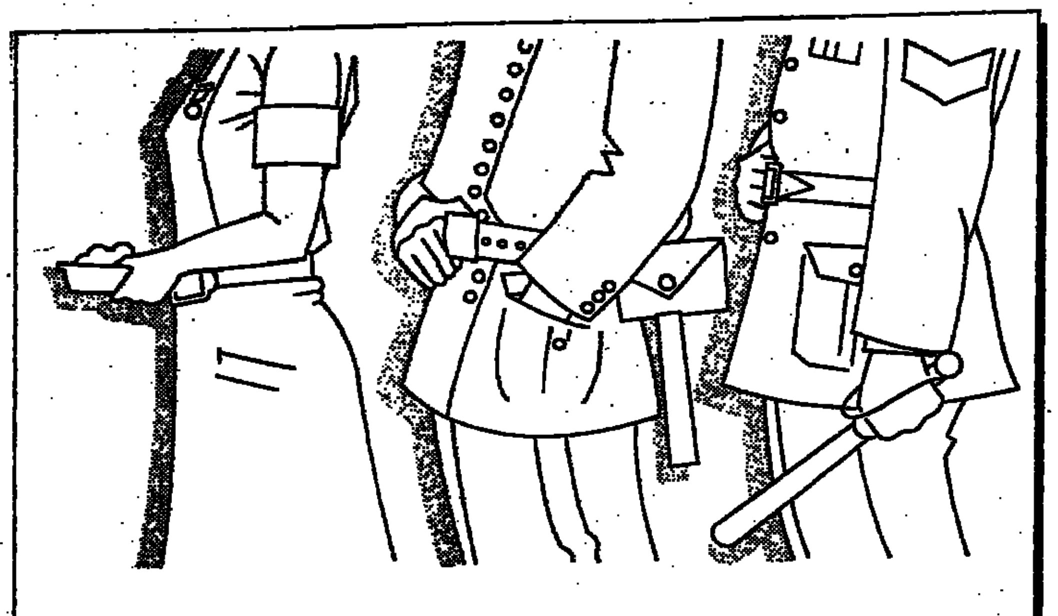
Mike Lewis, the hospital accountant, points to the very few contracts which have been awarded to outside concerns and the minimal savings possible. "I reckon we're pretty efficient here. The only savings you can really make is on wages and they're already low in that area.

The managers get more fun out of being entrpreneurs. UHC, built in 1971, has a fine, spacious concourse, occupied by the usual florists and charity shops, plus branch offices of the Leeds Building Society, an estate agent and a local solicitor. The hospital is about to hand over the area to a contractor, who will renovate it and let out shops and booths to a wide range of companies hoping to sell goods and services to patients and visitors. It believes it can raise £100,000 a year by doing so.

The invocation of Bevan prompts the question: can this potentially bottomless demand still be kept within the confines of his creation? Do consumer choice, which the patients are encouraged to exercise, professional competitiveness, which the nurses are encouraged to show, research-driven advance, which the doctors are encouraged to pursue, all add up to an intolerable pressure which is no longer containable?

Putting that point to Mr Hopkins raised this reply: "I think that the service is in grave difficulties because of the unforeseen expansion of clinical care, which is now possible and which has always exceeded what the country was willing to pay for. The Government must give the hospital management the authority to make it work. My utopia would be to have agreed goals between all the parties as to what was expected of us. For now, the demand is open ended."

A utopia of agreed goals may alleviate the administrators' dilemma; it cannot, surely, cap that demand, a picture of which was furnished by the figure of the mother bent intently over her child on the respirator. That is the pressure on the NHS. Let out of the bottle by politicians and civil servants who thought a nation could be cured, it will not be stuffed back in.



Comparative pay scales 1987 — £ per annum

Nursing	
Student nurse (3rd year)	5170
Staff nurse (RGN)	8600
Sister (Top scale)	12000
Nursing officer (Top scale)	12955

	Fire Service	Police Force
On appointment	8731	8352
5 years Qualified	11094	11499
15years Qualified	11584	13938
Inspector/ Sub-officer	12645	15294

Firemen and Police receive other allowances, including housing assistance

Source: Incomes Data Services and the Welsh Office

Man in the News

Alan Tuffin

A union moderate plays his Christmas card

By Philip Bassett

"*CHRISTMAS*? The public can safely buy their stamps."

With these words, Alan Tuffin, general secretary of the Union of Communication Workers, ended a marathon negotiating session with the Post Office - and removed the threat to the 100m letters and 1.4m parcels the Royal Mail handles each day in the run-up to Christmas.

Yesterday's confirmation of the agreement on improved efficiency and shorter hours by the UCW executive - putting the deal to the union's membership now looks a racing certainty - brought relief all round, not least to Mr Tuffin himself.

Throughout the weeks of talking which led up to the agreement, Alan Tuffin has not given the impression of a man aching for a strike to happen.

Facing both Christmas's huge volume of mail and the Government's overt warning that a strike would certainly lead to the ending of its mail monopoly, the Post Office did not much want a strike either. Industrial relations in Britain are littered with examples of strikes happening through pressure of circumstances when neither side really want them to; but in this case, both sides have pulled back from the brink.

A natural moderate, Mr Tuffin's tendency is primarily non-militant: his automatic inclination is to jaw-jaw, rather than war-war. This time, he has done both.

Post Office executives are muttering darkly that for Mr Tuffin, pulling back from the brink has actually been a neat piece of brinkmanship. They are right enough: Mr Tuffin and the UCW leadership have played the end-game of the negotiating battle with considerable skill - on the one hand, being seen earnestly to want talks and on the other deftly withdrawing (entirely legally) postal workers at key sorting centres to keep the pressure up.

However briefly, the prospect of Christmas cards not being delivered has brought Mr Tuffin to the centre of the British public stage. In the late 1980s, that is an unusual position for a UK trade union leader. Ten years ago, the leader of the TGWU transport union was seen as more powerful than the Prime Minister; now most union leaders are all but unknown to the public.

They are often little better known to their own members - and Mr Tuffin is no exception. He tells with genuine and engaging delight about recently receiving from a UCW member a reply to a letter the union sent out explaining the looming Christmas dispute. "Dear Mr Tuffin," it began. "I've never heard of you - but I'd like to thank you for taking the trouble to write to me."

Though it would have been of precious little comfort to those unable to post their Christmas cards, Mr Tuffin has, since becoming general secretary in 1982, made much of communication within his own union - to the point where members are for the first time ever receiving letters from the UCW, as well as delivering them for a living.

Under Mr Tuffin's leadership, the UCW has also been in the forefront of trade unions' usage of video as a way of keeping members in touch, dealing with such issues - perhaps a joke to others, but important to postal workers - of how the union can help in winning compensation for injuries such as dog bites suffered when delivering the mail.

While he has little of the flamboyance of his moustachioed predecessor, Tom Jackson, who led the union's previous, painful and pauperising national strike in 1971, Mr Tuffin has a pugnacious willingness to voice in his boxer-like South London drawl issues which many others in the trade unions are reluctant to approach.

Share ownership, for one. Despite the crash, unions in the UK are facing the prospect of there soon being more shareowners in Britain than union members.

Mr Tuffin has been foremost in insisting that trade unions will have to come to terms with this, and not just reject it from some purist ideological base not shared by their members.

"How many here own shares?" he asked an embarrassed TUC Congress this autumn - embarrassed because it knew Mr Tuffin would then go on to point out the gap between the union activists who don't - and the union members, who do.

A Christmas mail strike might not have shown it, but Mr Tuffin is a Post Office man through and through. Now 54, he started work for the Post Office in 1949 at the age of 16, beginning as a telegram boy, then moving to be a postman and then a counter clerk. In his 20 years' employment with the Post Office he took on a widening range of union lay jobs in London, and became a full-time union official in 1969, rising to deputy general secretary ten years later and from there to the UCW's top full-time job.

Genial, affable, always ready with a friendly word to those he knows, he still fits people's ideas of what postmen should be like. And that is something which he would be just as proud of as the more obviously public credentials such as being a member of the TUC's "inner cabinet", its finance and general purposes committee, or serving on the council of the National Institute for Economic and Social Research. A West Ham supporter, he's on the centre-right of both the TUC and the Labour Party.

The UCW's structure highly centralised, and with the letters, parcels and counter sections of its executive often working independently of one another - gives the union's general secretary considerable authority and control. Mr Tuffin can thus take personal credit for deftly squeezing from the Post Office the union's first hours reduction since 1965.

Faced with the damaging prospect of disrupting the Christmas mail, the question of who blinked first - Sir Bryan Nicholson, the new chairman of the Post Office or Mr Tuffin - will probably remain a secret.

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Mrs Thatcher's appetite for change has parliament at full stretch. Peter Riddell reports

A glut of legislation

Across the divide: Norman Tebbit and Michael Heseltine (left) and Edward Heath

QUIET revolution is under way at Westminster. The radical agenda of the Conservative Party's June election manifesto is now on the road to introduction, despite the opposition of many affected groups.

Almost unnoticed - apart from the eruptions of Mr Edward Heath - bills proposing the most far-reaching changes for 30 or 40 years in education, housing and health have started their passage through the Commons. And, yesterday, the huge measure to replace domestic rates with the community charge or poll tax was published.

The central question is whether the Government's 100-seat majority will be sufficient to overcome doubts on several of the proposals, not least within the Conservative Party.

As with earlier radical administrations this century which had a large majority - the Liberals in 1906 and Labour in 1945 - the Government should have little difficulty getting its main measures through the Commons between now and next Easter. There will no doubt be revolts, but little chance of major defeats. The current bills all featured in the June manifesto and the whips can ensure discipline by a mixture of appeals to party loyalty and offers of preferment (with 50 parliamentary private secretaries in addition to 86 ministers and whips in the Commons).

The real challenge will come next spring and summer in that bastion of vested interests, the House of Lords, many of the members of which are as critical of the radicalism of Mrs Thatcher as their grandfathers were of Lloyd George's budget taxing the rich nearly 80 years ago.

The Commons proceedings can be seen partly as a ritual. The Government, after all, obtained majorities of over 100 on the second readings of both the housing and education bills. On Monday evening the whips had to go round finding backbenchers to speak to keep the housing debate going.

Even the moments of drama can be exaggerated. Mr Heath's strong attack on the education bill won headlines - and a biting rebuke from his old enemy Mr Norman Tebbit sitting along the bench below the gangway with his new neighbour, Mr Michael Heseltine. Yet Mr Heath was an isolated figure, repelling potential allies and he was the sole Tory abstainer in the final vote.

The forthcoming committee stages are also widely regarded as offering little challenge to the Government. Few Tory critics are included on the committees and participants are already wondering how many hours (probably at least 80) will have to be clocked up through all-night sittings before the Government can impose a guillotine to limit further debate.

Yet the Commons procedures are not totally without meaning. Ministers do respond to points made by their own backbenchers, partly to keep them happy, even when there is no risk of defeat. For instance, there will be strong pressure for at least some concession to the widespread Tory concern (led by such loyalists as Dame Jill Knight) about the extension of health charges to dental and eye tests.

Occasionally, cross-party alliances can be created to defeat the Government, though these tend to be on the less partisan measures or details.

The biggest challenge in the Commons will come on the bill to introduce the community charge. Several ex-ministers - Mr Heath, Mr Heseltine, Mr John Biffen, Sir Ian Gilmour, Sir Barney Hayhoe and, most actively, former environment minister Sir George Young - have all signalled their opposition. They argue that, despite rebates for 9m people out of 33m liable for the charge, a flat-rate payment will be regressive. This group, variously put at between 19 by the whips and 50 by some of its members, are hoping to embarrass the Government on second reading on December 16 and 17 by cutting its majority. Yet they are divided between abstainers and outright opponents and Labour claims these protests are merely empty sabre-rattling.

The Tory critics' main concern is to put forward amendments at the report stage next spring to introduce an ability-to-pay element in the fixing of the charge, by having a series of bands. This is rejected by the Government which argues that any major concessions will weaken the principle that every adult should pay for local services.

For Tory critics and opposition parties, the immediate significance of the Commons debates is to signal to supporters outside that the fight is being carried on and to lay down markers for the later proceedings in the Lords.

Last Tuesday, Mr Heath said that because of the insufficient time for discussion in the Commons on the education bill, the Lords could take the matter in hand.

Lord Whitelaw, the leader of the Lords, has already warned - with the characteristic candour that so endears him to journalists but occasionally infuriates colleagues - that the Government may have problems in the upper house with some of its large legislative programme. He has suggested that the Government may be defeated on the proposal to allow schools to opt out of local authority control.

After all, the Government does not have a day-to-day working majority in the Lords. The Tories, not all of whom are always loyal, may have a plurality, but they depend for their majority on independents. The Government was defeated more than 100 times in the Lords in the last parliament, compared with a handful of defeats in the Commons. The upper house never challenges bills on second reading and its amendments can be overturned by the Commons, sometimes leading to ping-pong exchanges between the two Houses. But because of shortage of time, the Government is often forced to accept Lords amendments, in part or whole. As Lord Whitelaw has said, when the Government has been defeated in the past, it may occasionally have been wrong.

The Lords is not quite the disinterested body of elder statesmen it likes to pretend to be. Vested interests are strongly represented, notably the legal profession, rural activities, charities, the universities and the disabled. The Government may face problems with its proposals on housing trusts and changes both in the funding of universities and staff tenure, which have already aroused anger in the common rooms.

Their lordships are also sensitive on constitutional issues affecting the balance between central and local government. They inflicted embarrassing defeats on the Government in the last parliament over the abolition of the Greater London Council and the metropolitan counties. This time they are likely to take a close look at the proposed strengthening of the power of the Education Secretary in relation to local education authorities, as well as at the impact of the community charge.

The Lords may be the most effective opposition the Government currently faces, though there is little a Conservative administration can do about it. As Mrs Thatcher said in her FT interview a fortnight ago: "It is there. We have to get bills through it."

In the first half of the parliament, however, the Lords is likely to challenge at the margin, rather than to overturn core manifesto pledges.

After a third successive election victory, the Thatcher revolution is still at an early stage. The problems will only come nearer the mid-term when the radical reforms are being implemented and if the Tory position slips in the opinion polls.

Gorbachev is coming and so are all the reporters, writes Lionel Barber in Washington

The feeding of the 5,600

"LADIES, gentlemen and comrades, good morning," said Mr Nikolai Shishlin, blinking into the television cameras.

We had gathered, from East and West alike, on the 13th floor of Washington's National Press Building, to attend what the Soviets these days call a "brifink". On call were two experts from Moscow's delegation at next week's summit between Soviet leader Mikhail Gorbachev and President Ronald Reagan. Portly economist Mr Abel Abengayan and his diminutive counterpart Mr Stepan Sitaryan, deputy chairman of the state planning agency, Gosplan, were to discuss the promising subject: "The economic problems of Perestroika".

After a brief introduction to Mr Gorbachev's reform programme, it was time for questions. "When," demanded an American reporter, "do you expect the Russian people to benefit from Perestroika?" After ten monotonous minutes of Mr Abengayan and still no clear answer in sight, a fellow American correspondent sighed: "Jeez, this guy really did go to the Mikhail Gorbachev School for Public Speaking."

The week had begun more favourably for the Russians who managed, as it were, to get their retaliation in first in the battle for public opinion before the summit. Mr Gorbachev's hour-long interview on prime time network television for the most part received favourable reviews in the American press. Canny, tough and confident, said the Miami Herald. Animated, loquacious, charming and as hard as nails, wrote the Los Angeles Times. In the nation's capital, where political punditry is a way of life, Mr Thane Gustafson of the Centre for Strategic and International Studies, spoke for many: "I'm concerned," he declared, "about a wave of Gorbyphilia sweeping the land."

Americans, says Mr Richard Perle, until recently President Reagan's chief arms control expert and a man who has dealt extensively with the Soviets, cannot quite make up their minds about Mr Gorbachev. "People here are apprehensive about the visit, while others are rhapsodic."

Tuning into the numerous local radio stations confirms this impression of collective schizophrenia. Callers display intense interest. They describe Mr Gorbachev as a great modern leader, but, when pressed, many agree with the snap judgment of one male who phoned his rock music station and declared: "He's the slickest Russian adman I've ever heard."

And yet this past week has, for the most part, been mere dress rehearsal. Only when Mikhail and Raisa step off the plane at Andrew's Air Force base at 4.30 pm on Monday will the true drama unfold. And Washington, its sense of theatre honed by tradition and temperament, will be ready.

The summit centrepiece, the signing of a treaty eliminating US and Soviet intermediate nuclear missiles, is set to take place at 2pm on Tuesday afternoon in the neo-classical East Room of the White House, with its crystal chandeliers and bas-reliefs illustrating Aesop's fables. The other main event follows that same evening, a State Dinner which, it should be reported, caused a touch of pre-summit tensions. The Soviets wanted the black-tie standard dropped in favour of the Communist tradition of business suits, but the Americans insisted on tuxedos and gowns. Verification of whether Mr Gorbachev and his delegation comply with this accord should prove a good deal easier than with the INF treaty.

Who, among the "movers and shakers" in Washington is invited to High Table with the General Secretary? Not Mr Ben Bradlee, the effervescent veteran editor of the Washington Post. "I never get invitations," he says. In fact, the Post will be well represented at the summit: Mrs Katherine Graham, the proprietor, is scheduled to meet Mr Gorbachev; Mr Robert Kaiser, assistant managing editor for national news and a former Moscow correspondent, will attend the White House dinner and Ms Meg Greenfield, the editorial page editor, will go to a luncheon at the State Department. A more intriguing item on Mr Gorbachev's schedule is a reported breakfast with "US intellectuals" on Thursday morning, the last day of the summit. The White House - clearly wishing to avoid an academic controversy - says it has had nothing to do with preparing such a list. The Soviet Embassy refuses to discuss Mr Gorbachev's engagements on security grounds. Attempts by the Financial Times to track down potential guests were met with embarrassed pleas that the invitation had probably got lost in the post.

Mr Jerry Hough, a political scientist from Duke University, North Carolina, summed up many a frustration. His political views were not close to those of the Reagan administration, while a recently published article in which he had likened Lenin's revolution to Khomeini's revolution and said Mr Gorbachev was as strong as Stalin, had certainly not endeared him to the Soviets. "Alas," he said, "I fall between two stools."

More certainty surrounds the views of the several thousand people expected to stage protest rallies in Washington. The biggest demonstration of all should come tomorrow when American Jews gather to call for an increase in Jewish emigration from the Soviet Union.

The threat to Mr Gorbachev's safety is taken seriously by the Russians - it was a factor in curtailing Reagan administration hopes of a whistle-stop tour round the country - and by the Americans who are, after all, charged with protecting him. The task is primarily the responsibility of the US Secret Service. (The FBI only become involved in the event of an assassination or a kidnapping, in which case its 50-strong Hostage Rescue Team moves into play).

Agent Bill Corbett of the Secret Service says that the Americans and the Soviets have been discussing security for a "couple of months" in Washington, but details were only hammered out when the summit date was officially confirmed last month.

If anything out of the ordinary does happen, it will not escape the attention of the world's press corps who have pitched into town. At the last count, there could be some 5,600 journalists competing for phones, computer terminals, telex lines, and, maybe, even the odd oldfashioned typewriter. The United States Information Agency has prepared a 100-page plus press briefing kit, while dozens of instant experts including Soviet defectors, ex-CIA officers and prominent academics are available for quotation.

One more thought. Americans are not queuing up inside the bookstores to buy Mr Gorbachev's 254-page opus - "Perestroika" - published by Harper & Row. Nor are the summit souvenirs a sell-out. Gorbydolls - the Spitting Image busts of the General Secretary equipped with hammer and sickle birthmark - are apparently not a hot item.

The shelf life of a summit is very short, you see.

Letters to the Editor

A steadying lead is needed

From Mr B.A.E. Maude.

Sir, The excellent interim results from Siebe, one of Britain's best managed wealth-creating companies, did not merit the somewhat cynical commentary which you gave them (November 28).

Such comment is a symptom of a deep-seated malaise within parts of the investment community in the City of London and has bred the healthy contempt of many of the leaders of industry. It is time that a stop was put to the extra burden put on industry by (often ill considered) short term considerations in the City.

The damage unfortunately does not stop there. It is now becoming apparent that the recent world stockmarket crash was caused partly through ignorance on the part of the world's investment community. This is not to say that a correction to the world's stockmarkets was not necessary. It is now beginning to be seen that there is a positive side to America's twin deficits and that given constructive co-operation between the world's industrialised nation, the matter of the imbalances is capable of orderly solution.

This situation calls for strong leadership. The Financial Times, as the world's leading financial journal, can have a steadying effect on the financial community. Education and a sense of balance and proportion are called for.

B.A.E. Maude,
*4 Bath Road,
Camberley, Surrey*

Advice with an advantage

From Mr W.B. McBride

Sir, There are a number of points made by Eric Short (Weekend FT, November 28) with which we are in agreement, in particular the statement that "all signs are that London Life has taken the necessary corrective action in time." He is quite wrong, however, to claim that we accept that intermediaries must now shun us under the best advice principles.

We accept nothing of the kind; instead we suggest that intermediaries, in continuing to recommend us, will have the advantage of knowing exactly where they stand. Of how many other life companies could they at the present time say the same?

W.B. McBride,
*Finance Director and Actuary,
London Life,
100 Temple Street,
Bristol*

Self-reducing subsidy

From Mr J.D.F. Penrose.

Sir, Quentin Peel's article (November 13) quotes a falsely alarming figure for the subsidy (equivalent to about £90 per tonne of wheat) necessary to make bioethanol break even as a petrol ingredient.

The press release of this EC report (July 10, 1987) quoted figures around £60 per tonne. A very thorough report (ETSU-R-44) just released by the Department of Energy estimates £67. It seems therefore probable that your article has not taken the valuable by-products into account. The subsidy required for bioethanol will also automatically decrease as the sterling price of oil increases and that of cereals falls, reaching zero eventually at, for example, £35/US Brl and £83/tonne respectively.

Your article also puts the current EC cereal export subsidy at about £89/tonne, which is less than half the £80 quoted in the ETSU report as the average for 1986-87. In addition to that, a substantial part of the Intervention storage cost (£37/tonne: House of Commons Public Accounts Committee 1986) would be saved.

On these two costs alone, therefore, the bioethanol option would effect an initial subsidy saving of, say, £30 per tonne, increasing almost inevitably with the price trends of oil and cereals until the subsidy disappeared altogether. Increased productivity both in Europe and its current export customers will reduce export prices and tend to increase export subsidies unless alternative industrial uses for cereals are found, such as bioethanol.

In addition there is scope for lowering production costs for ethanol somewhat, and development of the processing and use of the by-products could reduce farm feeding costs equivalent to about £15 per tonne of cereal used for bioethanol. The possibility of using straw as distillery fuel instead of burning it in the fields could produce further savings. Precious fossil fuels would be conserved for the future.

The political anti-bioethanol faction must either misunderstand the economics, or be eager to sacrifice a long term future to a short term present.

J.D.F. Penrose,
*Woodhill,
Church Street,
Hartshorne,
Burton-on-Trent,
Staffordshire*

Lump sum PEP investors suffer

From Mr G.B. Millar

Sir, A recent survey indicated that a PEP investment not only limits the investor's ability to choose his or her preferred shareholding but also (in addition to the normal buying costs) has 5 per cent plus per annum creamed off the investment, by the PEP managers, for administrative charges.

While this may be justified in cases where an investor is investing on a monthly basis, I fail to see why lump sum investors, quite capable of handling their own investments, should be compelled to suffer this loss.

Why should the Chancellor not allow investors to claim the benefit of the PEP rule if they buy shares directly and can prove that their purchase price did not exceed the allowed figure of £2,400, and that they had been held for at least 12 months? He would still achieve his purpose of encouraging investment by the small investor, encourage the holding of shares rather than going for instant profit (as in so many of the privatised issues), and at the same time allow an investor to operate at minimum cost.

G.B. Millar,
*68 Adisham Green,
Church Milton,
Sittingbourne, Kent*

The purpose of the advertisement is to warn

From Major J. Patrick Warren

Sir, The Department of Trade and Industry's recent advertisement in some newspapers displays the photograph - front and side face - of a man labelled "Investment Adviser".

Unaccountably he is shown standing against a wall indicating his height. The impression this gives - that he has just been taken in for questioning - is strengthened by the expression of grim apprehension on his face. The purpose of the advertisement is indeed to warn those who advise on, or sell, any kind of investment that if they do not apply for membership of a self-regulating organisation they will be in trouble with the law.

For the past 28 years I have "self-regulated" myself as an independent investment adviser, to the complete satisfaction of my clients and my conscience. I work in the country, where overheads are cheaper; it is thus possible for me to keep the number of my clients small enough to give them personal attention to an extent which City stockbrokers would find economically impossible.

I provide myself with a reasonable living by charging my clients an annual fee. I do not handle their money, nor do I claim commission from stockbrokers or unit trusts to whom my clients may ask me to pass their business. (Lest it be thought that there could be a self-advertising purpose behind this letter, let me say that at my age I am not accepting new clients.)

Now, after all these years, I am faced with the financial and administrative burden which compulsory membership of a self-regulating organisation will impose. It is a burden likely to be heavy enough to put small investment advisers like myself out of business, or at least to discourage us from continuing our service to investors. Perhaps that is the underlying purpose of this Act. If so, it runs counter to the Government's oft-expressed wish to encourage small businesses.

Most important of all, the impression which this absurd piece of "Nanny State" legislation gives is that it turns upside down a basic principle of English law: that a man is innocent until proved guilty. For that is what the DTI advertisement to which I refer suggests.

The Government would do better to heed the words of Maynard Keynes: "As the organisation of investment markets improves, the risk of the predominance of the speculator does, however, increase." It should scrap the Financial Services Act 1986 with all its trappings - trappings so controversial as to have prompted press reports that three writs, involving several millions of pounds, have recently been issued against the one SRO specifically referred to in the DTI advertisement.

J.P. Warren,
*Tilland Investments Limited,
Cherrymead,
Alfold,
Nr Cranleigh, Surrey*

You have to talk to sell

From the Director General, British Institute of Management

Sir, I was surprised at Stephen Bungay's suggestion (November 24) that the BIM and its members might not recognise the importance to businessmen of foreign language skills.

In a recent survey a large proportion of members felt that the skill of conversing in at least one foreign language was an increasing necessity for work. More positively, 38 per cent of the sample believed the proposed National Curriculum should contain a foreign language as the fourth additional core subject.

Peter Benton,
*Africa House,
64/78 Kingsway, WC2*

'Buy late, sell early - and never take yourself too seriously'

From Mr Robert Walker.

Sir, Mr Kevin Goldstein-Jackson concludes his "Diary of a Private Investor" (Weekend FT, November 21), as follows: "What I am really looking for is a fund run by an active 87 year old who made money in the 1929 crash."

While the undersigned cannot claim to be a fund manager, he is a sprightly and active 87 year old who survived the horrendous slump of 1929-33 (while employed by an old established overseas trader in the South Indian tea industry). Share prices then hit rock bottom, and many were the companies which went bankrupt.

It was an era in which the foundations of money making could be laid. In 1933 a now world famous Scottish investment trust was floated in the market, and a lady of my acquaintance, whose father made her a present of £200 worth of the new trust, now finds herself with a fantastic capital gain. Purchases of British insurance, banks, and old established blue chips such as P & O, Harrisons and Crosfield, and James Finlay, have been very rewarding.

In South India proprietary rubber planters were ruined, and Madras bankers and brokers had to come to their assistance by forming them into companies.

I recollect when shares in the Cochin Malabar Rubber Company were obtainable at sixpence (2½p) per share; they rose to two pounds ten shillings and sixpence (252½p) when the Second World War broke out.

My investment philosophy is: Buy late - sell early. Never take yourself too seriously; and, having adjusted your financial affairs by the book, and to the satisfaction of your professional advisor, relax, and have a spot of fun and excitement by playing "daft laddie" - going for the odd long shot with money you can afford to lose.

Furthermore, you would do well to keep in mind a bit of wisdom I found in a Christmas cracker:

"Life's a jest, and all things show it;
I thought so once, and now I know it."

Robert Walker,
*6 Tanners Court,
Tanners Lane,
Haslemere, Surrey*

ADVERTISEMENT

BUILDING SOCIETY INVESTMENT TERMS

	Product	Applied rate net	Net CAR	Interest paid	Minimum balance	Access and other details
Abbey National (01-486 5555)	Sterling Asset	7.50	7.50	Yearly	Tiered	Inst. ov £10K 7.25/6.75 + bonus
	Five Star	7.00	7.00	Yearly	Tiered	Instant 6.75/6.50/6.00/5.75
	Share account	4.00	4.04	½-yearly	£1	Instant access
Aid to Thrift (01-638 0311)	Ordinary Sh. Ac	7.75	7.90	½-yearly	£1	Easy withdrawal,no penalty
Alliance and Leicester*	Prime Plus	7.60	7.60	Yearly	£10,000	3 m.nt.7.30 £2½K+, 7 £500+
	Gold Plus	7.00	7.00	Yearly	Tiered	6.80/6.60/6.25/5.50 inst. acc.
	BankSave Plus	6.25	6.25	Yearly	£10,000	5.75 £2½K+,4.75 £1+cur.a/c
						Min.init. investment £500
	ReadyMoney Plus	4.00	4.04	½-yearly	£1	ATM access (min.bal.£100)
Barnsley (0226 299601)	Summit 2nd max	8.60	8.60	M./yearly	£1000	90 days'not./pen.bal.-£10K
Birmingham Midshires	Premier Access	8.00	8.00	Yearly	£25,000	Tiered rates from £100
(0902 710710)	Premier Sixty	8.50	8.68	M./½-yrly	£500	60 days' notice/penalty
Bradford and Bingley (0274 561545)	Maximiser Bonus	7.50	7.50	Yearly	£1,000	Inst. acc. Bonus for no withdrwls
	Maximiser Inc.	8.25	8.25	Monthly	£5,000	3 mths. Plus 0.25% for £25,000
	Maximiser Grwth	8.50	8.50	Yearly	£5,000	3 m.nt. Plus 0.25% for £25,000
Bristol and West (0272 294271)	Matrixcard	5.00	5.06	½-yearly	£1	Inst. Acc.£500 6.85
	No.1 Capital	8.60	8.60	Yearly	£25,000	3 months' notice, £500 8.30
	No.1 Income	8.30	8.62	Monthly	£25,000	3 months' notice, £500 8.00
	Triple Bonus	8.10	8.10	Yearly	£25,000	Tiered to 7.30 £500+ Inst.acc.
	Share Account	5.00	5.06	½-yearly	£1	Instant access no penalty
	O'seas Inv.Bd.			Yearly	£1,000	11.00 gr.3m.nt.non-UK res.
Britannia (0538 399399)	Trident Gold	7.20	7.20	Yearly	£25,000	Immed.access Mthly.inc.avail.
Catholic (01-222 6736/7)	Jubilee Bond II	8.50	8.50	Monthly	£2,000	90-d. pen./not. m. int. t/f.8.71
Century(Edinburgh)(031 556 1711)	Fxd.Rate 2/3 Yrs.	8.00	8.16	Yearly	£1	Guaranteed Rate 2/3 years
Chelsea (01-602 0006)	Lion Shs. (S.Inc.)	7.50	7.50	Yearly	£500	Imm. wdr.int.pen. or 3 mths.
Cheltenham and Gloucester	Chelt. Gold	7.00	7.00	Yearly	Tiered	7.00/6.75/6.00/4.00. No not./pen
(0242 36161)	Gold Mthly.Int.	6.78	7.00	Monthly	Tiered	No notice/penalty
Cheshunt (0992 26261)	Spec.4-Term Sh.	7.75	7.75	M./Yearly	£20,000	90 days' notice/penalty
	Instant Access	7.05	7.05	M./Yearly	£20,000	Instant access. Tiered a/c
City of London,The (04862 28233)	Capital City Gold	8.35	8.35	Yearly	£17,500	Instant access.Tiered account
Coventry (0203 52277)	Moneymaker	8.05	8.05	Yearly	£10,000	Inst.acc. no pen. mthly. int.
	Moneymaker	7.80	7.80	Yearly	£5,000	£10,000 7.77, £5,000 7.53
	3-year Bond	8.50	8.50	Yearly	£1,000	close 90 days' not. & penalty
	90-Day Option	8.50	8.50	Yearly	£5,000	£500+ 8.25 90 days' not/pen
Frome Selwood (0373 64367)	Gold Minor Acc.	8.50	8.68	½-yearly	£1	On demand:0-18 year-olds
Gateway (0903 68555)	Star 60	7.25	7.25	Yearly	£20,000	60 days' pen./not.£500+ 7.00
	Gold Star	7.00	7.00	Yearly	£20,000	Inst. £10K+ 6.75, £5K+ 6.50
Greenwich (01-858 8212)	60-Day Account	7.25	7.38	Monthly	£25,000	no pen. if £5K remains in acc.
Guardian (01-242 0811)	Premier Shares	7.45	7.65	Quarterly	£3,000	No not./pen. to bal. £3,000+
Halifax*	90-Day Xtra	6.75	6.86	M./½-yrly	£500	90 days, but
	90-Day Xtra	7.00	7.12	M./½-yrly	£10,000	instant where
	90-Day Xtra	7.25	7.38	M./½-yrly	£25,000	£5,000 remains
Hendon (01-202 6384)	Annual Shares	9.00	9.00	Yearly	£3,000	6m. not./Imm. ac. 90d. loss Int.
Lambeth (01-928 1331)	Premium Shares	6.90	7.02	½-yearly	£250	3 months notice or penalty
Lancastrian (061 643 1021)	Masterplan	8.50	8.50	Yearly	£15,000	Instant access no penalty
Leamington Spa (0926 27920)	Fully Paid	4.10	4.14	½-yearly	£1	Immediate
	High Flyer	7.50	7.50	Yearly	£10,000	Withdrawals on demand
		6.75	6.75	Yearly	£1,000	without penalty
	Super 90	7.75	7.75	Yearly	£10,000	90 days' notice or Imm. acc.
		7.25	7.25	Yearly	£1,000	+ 90 days' loss of interest
Leeds and Holbeck (0532 459511)	Capital Interest	8.25	8.25	Monthly	£5,000	90 days' notice or penalty
	capital Access	8.50	8.50	Yearly	£5,000	Same N/A on bal. £10,000+
Leeds Permanent*	Liquid Gold	6.00	6.00	Yearly	£500	6.50 £5K+ 6.75 £10K+ 7.00 £25K
	Premium Reserve	7.50	7.50	Yearly	£5,000	3.25 premium guaranteed 1 yr.
	Pay & Save	4.00	4.04	½-yearly	£1	5.75 £2,000+
Marsden (0282 692821)	Rainbow	8.50	8.50	Yearly	£25,000	Min. bal. £500+ tiered int.
	Rainbow	8.30	8.30	Yearly	£10,000	+ instant access no penalty
Mornington (01-485 5575)	28-Day Account	8.25	8.42	½-yearly	£1,000	28 days' notice or penalty
National and Provincial*	Notice Account	7.50	7.50	Yearly	£500	90 days' notice/
	Monthly Income	7.20	7.20	Monthly	£1,000	penalty under £10,000
	Inst. Access +	7.00	7.00	Yearly	£30,000	No notice no penalty
National Counties (03727 42211)	Emerald Shares	9.00	9.00	Yearly	£25,000	Immediate if £20,000 remains
Nationwide Anglia (01-242 8822)	Capital Bond	8.50	8.50	Yearly	£1,000	90 Days' notice or penalty
	Bonus Builder	8.00	8.00	Yearly	£25,000	7.75 £10K+, 7.50 £5K+, 7.25 £2K+, 6.75 £500+, 5.00 £1+
	Capital Bonus	8.50	8.50	Yearly	£25,000	8.25 £10K+, 8.00 £5K+, 7.75 £500+
	Income Bond	8.25		Monthly	£2,000	90 days' notice or penalty
Newbury (0635) 43676	Instant Premium	8.25	8.25	Yearly	£25,000	instant access. Tiered a/c
	Treasure Plus	8.50	8.50	Yearly	£25,000	3 mths. not./pen. Tiered a/c
Newcastle (091 2326676)	Super 90	8.50	8.50	Yearly	£500	90 days' notice or penalty
	Nova Plus	7.30	7.30	Monthly	£20,000	Instant access, tiered account
Northern Rock (091 285 7191)	Maysplanner.Plus	8.30	8.30	Monthly	£20,000	Instant access no penalty
		8.05	8.05	Monthly	£10,000	Instant access no penalty
		7.60	7.60	Monthly	£5,000	7.35 £500+ instant access
	Prem.Gwth.Bnd.	8.30	8.62	Monthly	£5,000	No wdls. 1 yr. then no not./pn.
Norwich & Peterb'gh (0733 51491)	Premier Plus	9.00	9.00	Yearly	£25,000	8.50 £5,000+, 50 days' nt./pen
Nottingham (0602 481444)	Super 90	8.50	8.50	Yearly	£20,000	No penalty over £10K
Portsmouth (0705 291000)	3-Year Share	8.65	8.84	M./½-yrly	£500	No restrictions over £10,000
Principality (0222 44188)	2-Yr Bondshare	7.90	7.90	Yearly	£10,000	3.9 diff. guaranteed 2 yrs.
Regency (0273 724555)	Plus	8.40	8.40	Yearly	£25,000	No nt./pn. £5K 8.05, £500 7.25
Scarborough (0723 368155)	Sol. Gld. Cap.Bd.	8.50	8.50	M./Yearly	£10,000	60 days'not. or loss of int.
Skipton (0756 4581)	Sovereign	7.40	7.40	Yearly	£10,000	Instant access no penalty
	Sovereign	6.75	6.75	Yearly	£5,000	Monthly income available on
	Sovereign	6.35	6.35	Yearly	£500	investments of £2,500+
Stroud and Swindon*	Century (2-year)	8.75	8.75	Yearly	£20,000	8.50 £2,000+, 90 d. nt./int/pn.
Town and Country (01-353 1476)	2-Yr super Term	7.75	7.75	Yearly	£500	Guaranteed 3.75 differential
	Moneywise	6.75	6.75	Yearly	£25,000	Chq. bk.,Visa/ATM cds.int.var
	Super 60	7.50	7.50	Yearly	£10,000	Withdrawals available
Wessex (0202 767171)	Ordinary Shares	8.00	8.16	½-yearly	£1	No notice no penalties
Woolwich*	Capital	6.75	6.86	M./½ yrly	£500	90 d. not./pen., £10K+ Imm.
	Prime	7.00	7.00	Yearly	£20,000	Instant access. 6.00 £500+, 6.50 £5K+, 6.75 £10K+
	Gurntd. Prm.Shs.	7.50	7.50	M./Yearly	£10,000	90 days' not./pen. £10K+ Imm.
Yorkshire (0274 734822)	Platinum Key	8.00	8.00	Yearly	£500	60 days' notice /penalty
	Platinum Key	8.25	8.25	Yearly	£10,000	Instant over £10,000
	Platinum Key	8.50	8.50	Yearly	£25,000	Instant over £10,000

*For telephone see local directory. CAR = Annual yield after interest compounded

5/12

Anchor Chemical says yes to bid

BY NIKKI TAIT

Anchor Chemical, the Manchester-based speciality chemicals group, is giving up its independence in favour of a 638p-a-share cash offer from Air Products and Chemicals, a US industrial gases giant. The offer, which is being recommended by directors, values Anchor at £25.88m.

The terms represent a substantial premium to the price at which Anchor had been trading even ahead of the market collapse - its 1987 high stood at 520p. In addition, shareholders will receive a special interim dividend of 5p a share; there is also a loan note alternative to the cash. Last night, Dr Colin Tilley, Anchor's joint managing director, stressed that the board was very happy both with the price, and with the other details of the bid. The company's broker was forecasting pre-tax profits for the UK group of £2.275m in 1987, suggesting an exit PE of about 18.

When Air Products first snapped up a 29.5 per cent stake at 560.8p in Anchor almost two weeks ago, Anchor said that it viewed the timing of the approach as unwelcome. It has since been in touch with other companies which expressed a possible acquisitive interest.

Last night, however, Dr Tilley said that it was "almost beyond doubt" that the Air Products deal would now go through. Kennedy Smale, the glove manufacturer and machinery distributor which is currently merging with McLeod Russel, raised its stake in Anchor following Air Products' arrival and visited the company in Manchester, but yesterday ruled out any rival offer. Kennedy paid about 600p for its latest share purchases (56,000 shares), but said the average cost of its stake was considerably lower, and that it was showing "a good profit."

According to Anchor, Air Products envisages running the UK company as a separate entity and keeping the Anchor name. The executive members of Anchor's board would remain in place and its overseas companies would report to Manchester. Certain Air Products interests might, in fact, be injected into Anchor, so enlarging its size.

Anchor's profits record has been somewhat erratic of late. However, in 1986 it made £1.55m before tax, and in the first half of 1987 saw a 74 per cent advance to £1.17m. Yesterday, Anchor shares jumped a further 35p to 650p - on lingering hopes some rival offer might appear.

Cut in earnings puts LOFs into the red

A SHARP reduction in gross earnings was the main cause for a fall into the red at **London & Overseas Freighters**, UK tanker group, in the six months to September 30 1987.

Taxable profits of $136,000 (£75,500) were turned into losses of $1.61m on turnover down almost $2m from $6.65m at $4.78m. The company stated that after no tax its loss per share amounted to 0.6 cents or 0.4p.

The directors said that the poor level of tanker earnings prevailing at the beginning of 1987 had continued into the second half. They said that the lowest level of income was experienced during the earlier part of the half following which the trend in earnings returned to a level sufficient to cover operating and administration costs and interest charges but not depreciation of the ships' values. The recovery had been uneven, however, principally because of responses to changes in oil price expectations.

However, LOFs had obtained relatively long voyage charters or sequential charters for its two ships which had enabled its earnings to smooth over such variations in demand, albeit at an unsatisfactory level.

Both ships were dry-docked during the period to allow repairs and the first specials surveys due this year. While the consequent loss of earning time contributed to the poor trading result for the period and the repair used up cash resources, this had left both vessels in better condition and free to continue trading for the next two years or so without scheduled interruption. The cost of repairs was well below the provision made.

The circumstances during 1987 meant that the company had been unable to make any cash available for repayment on its loans guaranteed by Sumitomo Corporation and the Sumisho Lease Company. Following deferment of payments due in May and June, LOFs had also requested deferment of part of the November and December payments.

The directors said that the repayment schedule was one which LOFs could not expect to meet without further variation unless there was a substantial and lasting improvement in the tanker market. However, expectations were rather for continuing volatility as demonstrated during the past two years.

Vessels operating costs were $3.79m ($3.72m); provisions for special surveys and deferred repairs, $39,000 ($119,000); depreciation was unchanged at $1.48m, and administration expenses virtually static at $245,000 ($265,000). Interest charges worked through at $847,000 ($913,000). The trading loss was $764,000 compared with a profit of $1.07m last time.

Benlox bid accepted by 1.86% of Storehouse

By Nikki Tait

Benlox said it controlled just 1.86 per cent of Storehouse shares by Thursday's second closing date of its demerger bid for the retail group. The civil engineering and investment dealing company yesterday announced that it was again extending its offer.

The figure is a modest improvement on the position three weeks ago, when Benlox said that it had firm acceptances on behalf of 0.55 per cent. Only a little more than half the current level of acceptances, however, come from shareholders who are not formally connected with Benlox.

Its dealing subsidiary, Keatway, holds 0.31 per cent. The Egyptian financier, Dr Ashraf Marwan, Mr Andrew Millar, chairman, and his childrens' settlement, Bolton House Investments have a total of about 0.5 per cent.

The announcement brought further scorn from the Storehouse camp, immediately describing the response as paltry.

"It is hardly surprising that this is little different from the level announced three weeks ago, given that Benlox's proposals are fundamentally flawed and have already been emphatically rejected by Storehouse shareholders."

Benlox said it still took heart from the response by institutional shareholders to its recent presentations. "I'm encouraged that the message has got across," said Mr Peter Earl, Benlox director, last night.

As well as the institutional stakes, a 3.2 per cent holding belongs to Mr Tony Clegg's Mountleigh group, which considered making bid for Storehouse during the summer, and another 3 per cent interest is in the hands of publisher, Mr Robert Maxwell.

The new closing date for the offer is Friday, December 18th – just three days before day 60.

More attention, however, is focussing on the next two days. Speculation has been rife that Benlox might seek to alter its terms and Monday is the last opportunity for it to do so.

Storehouse shares sank 10p to 246p on the news of yesterday's acceptance level.

Container rentals help Tiphook up to £2.8m

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

Tiphook, the fast-growing transport rental group, boosted interim taxable profits 90 per cent to £2.8m on turnover up 82 per cent to £28.8m.

Earnings per share were up 37 per cent to 9.6p, after taking account of a £36m rights issues in August. The interim dividend will rise from 1.43p to 1.65p.

Mr Robert Montague, chairman, said demand was strong in the group's main businesses and forecast further improvement in the second half.

He said operating utilisation of the container rental fleet, the main contributor to profits, had increased from 91 per cent to 94 per cent, despite a 37 per cent expansion to 99,110 TEU (twenty-foot equivalent units).

Tiphook has a further 20,000 TEU on order for delivery before the end of the financial year and claims to have customers for all the containers it can buy.

There has also been a significant increase in the road trailer fleet of Tiphook's Central Trailer Rental subsidiary, which now operates 5,500 units with utilisation of 90 per cent.

CTR is in the process of expanding into Belgium and Spain and plans to commence business in Sweden and France during the second half. An earlier venture in West Germany is said to be operating profitably.

Tiphook Rail, the newly established wagon rental subsidiary, has taken delivery of the first batch of 435 wagons being built in Finland and expects to go into profit at the operating level next year.

• comment

The market marked Tiphook's shares up 20p to 275p indicating a degree of confidence in the company's claims to be virtually recession-proof. The container rental side has benefited from a strong increase in rates - up 16 per cent in the first half of this year on the key Europe to Far East routes - and is protected from a possible reduction in world trade by the falling capacity of the world container fleet. In the trailer rental sector, Tiphook is well placed to exploit the huge potential growth expected throughout Europe over the next decade. Recessionary pressures could stimulate this growth rather than hinder it, since transport companies might rate the advantages of leasing equipment more highly. However, the biggest potential growth probably lies in the rail subsidiary, which is set to reap the benefits of a move to intermodal transport and the boom in international traffic which should be stimulated by the Channel Tunnel. The downside risk is concentrated in the weakness of the US dollar, in which about 50 per cent income is denominated. Full-year profits of £8.2m to £8.5m would imply a prospective p/e of 10.8 – cheap in the light of Tiphook's historic earnings growth of about 30 per cent per year.

Priest Marians surges past £4m at midway

TAXABLE profits at **Priest Marians Holdings**, property investment and development company, moved up sharply during the seven months to September 30 compared with the year to the end of February.

In the period, which the directors said was one of intense activity together with consolidation of the group's operations, profits surged from £1.19m to £4.27m on turnover of £30.46m (£2.91m).

Earnings per 10p ordinary share worked through at 19.5p (9.2p) on a basic basis and 16.6p (nil) on a fully diluted basis after tax charges of £1.36m (£505,000). The interim dividend is 1.5p compared with 1.5p for the whole of last year.

The directors reported that the results had been achieved in buoyant markets and included a full contribution from Lincroft Kilgour Group. They reported that the revaluation surplus arising on September 30 was £10m and had increased net asset value to £2.35 compared with £1.55 at the year end. On a fully diluted basis it rises to £2.71.

They said that an extraordinary general meeting to be held in January next year would seek authority to acquire for £87m Langham Estate, which consists of 170 freeholds in London's West End and is valued at £100m, and to buy its own shares.

Market conditions had changed fundamentally during the past two months and they said the group was well placed to respond accordingly.

Rolfe & Nolan profits 65% ahead halfway

Rolfe & Nolan Computer Services improved pre-tax profits by 65 per cent from £141,000 to £232,000 in the six months ended August 31 1987.

Provided that the markets it supplied continued to trade at reasonable levels the directors of this computer software services company said the outlook remained encouraging both for the second half and for 1988/89.

The interim dividend is lifted by 50 per cent to 1.5p to reduce disparity.

Turnover rose from £1.1m to £1.47m in the period. A total of 15 new client orders were taken compared with ten in the whole of the previous year.

Since August 31 two new DEC computers (a VAX 8350 and a MicroVAX) had been purchased to provide capacity for the new customer intake and for the enlarged development team.

Tax took £95,000 (£49,000) and earnings worked through at 5.3p (3.6p) per 10p share.

At August 31 the company, which trades on the USM, had cash balances of £931,000 excluding investments in finance leases of £80,000.

Campbell & Armstrong ahead

Campbell & Armstrong, USM-quoted maker and installer of shop and store fittings and equipment, lifted pre-tax profits from £650,000 to £719,000 on turnover up from £4.15m at £5.6m.

After tax of £194,000 (£236,000) earnings per 5p ordinary share worked through at 7.1p (6.5p). The interim payment is lifted from 1.3p to 1.5p.

Professor Roland Smith, chairman, said that all sections of the business and their manufacturing units were busy.

Burgess betters its first quarter targets

Burgess Group, acoustical and electrical engineer and manufacturer, was ahead of its plan for the first quarter of the present year, Mr Arthur Morton, chairman, told shareholders at the annual meeting.

However, he cautioned that current turbulence in the world financial markets made it impossible to predict immediate trends but was confident of the group's continued long-term growth.

Mr David Webster, president of the group's North American operations, said that despite a short-term effect on customers' inventories, the overall growth prospects for electrical/electronic components in the US remained strong.

Barker & Dobson

Barker & Dobson Group, the food retailer, is to buy six more confectionery outlets with the acquisition of The Thousands Sweet Company for £2m.

Barker expects Thousands to contribute pre-tax profits of £350,000 on annual turnover of £1.4m. In addition to a cash payment, the purchase involves the issue of £1.3m in variable loan stock convertible into ordinary shares at the market price next November 25.

Shorco heads for USM debut

BY HEATHER FARMBROUGH

Shorco, the Leeds-based specialist plant-hire group, should be the final company to come to the USM market this year, with dealing expected to start on December 31. Broker Greene & Co is placing 959,655 shares at £1 each, valuing the company at £2.5m.

Shorco hires and sells trench-shoring safety equipment and laser-surveying equipment.

The company is expected to make pre-tax profits of £290,000 for 1987, compared with £230,000 in 1986, and the laser division is expected to contribute more to year-end profits. The prospective p/e on the profit at £1 would be 10.1 on earnings per share of 9.9p.

Shorco intends to place 45 per cent of its equity. Net proceeds from the issue of £470,000 will repay debtors of £150,000 and go towards capital spending on plant.

The company is issuing 550,000 new shares and shareholder York Trust is selling 409,655. The directors are not selling any shares and have undertaken to dispose of no more than 25 per cent of their shareholdings before the end of 1988.

Mr David Phillips, joint managing director, said that the building boom had led to raised demand for shoring equipment. The group intends to introduce several new products next year and believes that it is well placed to benefit from greater emphasis on safety on construction sites.

Lexicon losses rise to £0.97m

CONTINUED competition in its low-end products and the slow build-up of its high-end products left **Lexicon** with increased pre-tax losses of $971,000 (£536,000) for the year to the end of August 1987, against $262,000.

The US electronic equipment maker with a London listing added that there had also been a continuing high level of research costs on its Opus audio production system.

However the directors said that the production deliveries of Opus and other new products in the spring next year were expected to have a significant impact on profits in the second half of the present year.

Turnover for the period fell from $8.4m to $6.92m and after a tax credit of $731,000 ($274,000) losses per 1c share came out at 0.03c (nil). A nominal dividend of 0.25c is being proposed.

Directors added that the financial position remained strong. Cash balances were more than $800,000 and net current assets were $3m.

Of the period under review second half sales and improvement in gross margins were due mainly to increasing acceptance and sales of the latest high-end products, directors said. Improvements in software and marketing programmes introduced in the middle of the year helped a significasnt sales increases in the second six months.

Sales and backlog for these products were continuing strongly in the present year.

The competitive position had been improved by a lower dollar particularly with respect to the yen.

Pre-tax loss was struck after research and development costs of $2.45m ($2.15m) and net interest charges of $43,000 against income of $40,000. The was a gain on sale of property this time of $649,000.

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Schroder Global

Net asset value of **Schroder Global Trust**, investment trust, fell from 265.1p on October 31 1986 to 238.7p per 25p ordinary on the same date this year.

Earnings per share rose from 4.3p to 4.63p and the proposed final dividend of 2.275p (3.05p) makes a total for the year of 4.4p (4.25p). Tax accounted for £676,000 (£815,000).

Total revenue jumped from £2.84m to £3.02m.

Sanders & Sidney

Sanders & Sidney, the employment counselling service which in February obtained a USM quote, achieved an almost 22 per cent rise in taxable profits in the six months to the end of September.

On turnover ahead from £694,000 at £898,000 profits jumped from £251,000 to £305,000. After tax of £107,000 (£88,000), earnings per 5p ordinary share moved up from 4p to 4.3p. The declared interim dividend is 2p. The chairman said that he expected a final dividend of not less than 4p this year.

The company's Glasgow office made a good start and Sanders & Sidney planned to extend its associations and involvement in Europe and elsewhere overseas. The chairman said that these plans should be well advanced in the current financial year.

Birmid/Blue Circle

Birmid Qualcast, lawnmowers and boilers group, yesterday told shareholders that prospects for the company were excellent.

In a letter, prompted by Blue Circle's acquisition of a 9.3 per cent stake, the board advised holders of its shares not to sell in the market.

Blue Circle and Birmid are to meet on Monday to discuss the cement company's proposals. Blue Circle has said it is considering a bid.

Fairline surges

Fairline Boats doubled pre-tax profits from £1.2m to £2.4m on turnover up nearly 40 per cent to £17.7m for the year to September 30 1987.

A final dividend of 6p (4p) is proposed making a total for the year 9p, a 50 per cent increase.

A FINANCIAL TIMES SURVEY

U.K INDUSTRIAL PROSPECTS

MONDAY JANUARY 4TH, 1988

The Financial Times proposes to publish a Survey on the above. The aim of this Survey is to assess the prospects for a number of key industries in the coming year. The main emphasis will be on the U.K. but the international context will be fully explored. Important trends affecting each business sector will be analysed and described.

The Survey will review:

International and Domestic Economics, Industrial Investment, Corporate Structure, High Fliers, Companies to Watch and Industrial Sectors.

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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Leisuretime forecasts loss of up to £2.75m

By Clay Harris

Leisuretime International, hotel and travel company, said yesterday that its loss after extraordinary items could reach £2.75m for the year which ended on October 31, more than five times the comparable £535,000 figure in 1985-86.

The loss would be largely attributable to Worldwide Dryers, the warm-air hand-dryer rental subsdiary which Leisuretime earlier this week sold for £11m to BET, international services group.

Leisuretime also said that large provisions would have to be made to cover tax and other potential liabilities.

The proceeds of the Worldwide disposal, which would give Leisuretime a £2m to £2.5m profit, and of the sale of property holdings in Spain, would not be reflected in the company's accounts until the current year.

Allied Textile in spinning sale for £2.3m

Allied Textile Companies is selling the former worsted-spinning division of its Bulmer and Lamb group to Bolton Eagle for an aggregate consideration of £2.3m paid in cash on completion. Bolton Eagle is a new company formed by former employees of the Allied Textile group.

The assets disposed of are together valued at £2.3m and comprise land and mill buildings in Bolton, Lancashire, plant and machinery, goodwill and stock. This division has not made any significant contribution to the profits of the Bulmer and Lamb group following a serious fire in 1983.

Good demand lifts Marling 61% midway

Good levels of demand and profitability are reflected in a 61 per cent increase in pre-tax profits by **Marling Industries**, manufacturer of industrial textiles and safety products, in the six months ended September 30. The directors said they were particularly pleased with progress in Spain.

Sales were only marginally higher at £29.95m (£29.21m) but profits leapt from £1.44m to £2.33m. The share of profit of associates was up from £40,000 to £117,000.

The total tax charge was £783,000 (£500,000) and minorities amounted to £71,000 (£8,000) leaving earnings per 10p share of 6.47p against 5.08p.

The interim dividend is raised from 0.85p to 1p.

Hunter Saphir for full listing

With its interim results for the 28 weeks to September 12 **Hunter Saphir**, food manufacturer and distributor, announced that it was moving up from the USM to a full listing with dealings in its 25p ordinary expected to commence on December 10.

Pre-tax profits advanced by 23 per cent from £1.54m to £1.89m on turnover which showed a significant improvement from £48.8m to £87.45m.

After tax of £662,000 (£547,000) and a sharp increase from £55,000 to £919,000 in interest charges, earnings per share fell from 6.4p to 4.56p.

The interim dividend has been increased to 1.35p from 1.05p.

Mr Nicholas Saphir, the chairman, said food manufacturing results had been varied and produce had a disappointing first half.

City Site doubled to £1m

City Site Estates, property investment, more than doubled taxable profits from £455,000 to £1m in the year to September 30. Rental income increased from £960,000 to £2.13m.

Tax charges fell from £115,000 to £111,000 after which earnings per ordinary share rose from 2.27p to 4.72p on a basic basis and from 2.05p to 4.52p on a fully diluted basis. The directors proposed a final dividend of 0.56p making a total for the year of 1.12p compared with 0.96p last time.

The company's portfolio value has risen from £16.8m to £68.6m, reflecting its acquisition policy in central London.

Assd Nursing for USM

BY PHILIP COGGAN

Associated Nursing Services, a nursing homes manager, is set to become one of the few Business Expansion Schemes to join the Unlisted Securities Market.

The company raised £195,000 via a Centreway-sponsored scheme in 1984, at which time it was valued at around £250,000-£300,000. When it joins the USM in the new year, via a placing by Credit Suisse Buckmaster & Moore, it expects to be capitalised at around £7m.

That indicates that BES investors will realise a hefty profit on their investments, although they cannot sell their shares until 1989, without losing their tax relief. BES companies cannot join the USM or the main market for the first three years after they raise finance; they can join the Third Market at any time.

ANS currently owns four and manages two further nursing homes. It made pre-tax profits of £183,000 in the year to March 31, 1987.

Swindon Private bought

BY PHILIP COGGAN

Swindon Private Hospital, one of the first Business Start-Up Schemes, is being bought out after completing the five-year qualifying period for tax relief.

Swindon is also one of the few USM start-up companies to be successful. The record of most greeenfield ventures on the junior tier has been uninspiring; but Swindon has consistently been profitable achieving pre-tax profits of £156,000 in the year to July 31 1987.

Now Health Care Services, the USM-quoted company which manages the hospital and which has a 28.9 per cent stake, is making an offer for the rest of the equity.

The offer of 12 HCS shares for every five in Swindon values the company at £2.8m and each share at 201p, compared with the £1 at which the shares were offered under the original BSS.

The BSS was the precursor of the Business Expansion Scheme and offered similar tax incentives to investors who held shares for a minimum of five years. Thus investors in the 60 per cent tax bracket who subscribed under the original scheme will effectively have paid only 40p per share; the present offer means that their holding will have quintupled in value.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Campbell & Arm§ ...int	1.5	Jan 29	1.3	-	3.25
Lexicon‡ ...fin	0.25	-	1.1	0.25	1.1
Priest Marians ...int	1.5†	Jan 22	-	-	1.5
Rolfe & Nolan§ ...int	1.5♦	Jan 28	1	-	3
Sandrs & Sidny§ ...int	2	Jan 7	-	-	-
Schroder Global ...fin	2.28	Feb 4	3.055	4.4	4.25
Tiphook ...int	1.65†	Jan 30	1.43	-	4.3

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. Unquoted stock. Third market. ‡US cents. ♦To reducedisparity.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. date	1987 High	1987 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§55	F.P.	-	58	55	‡Allied Restaurants 5p	58					
330	120	-	88	71	British Petroleum	72½		N12.5	1.5	6.1	14.0
†	F.P.	-	248	233	English & Caledonian Inv.	235	+2	-	-	-	-
†	F.P.	-	152	100	Hard Rock Intl. 2p	125	-5	L1.53	3.3	1.7	22.3
†	F.P.	-	125	85	Do 'A' (Restricted Vtg)2p	85	-13	L1.53	3.3	2.5	15.1
-	F.P.	-	180	170	Mayne Nickless	175	+5	Q18.5c	2.0	3.1	15.7
§75	F.P.	-	78	76	Nestor-BNA 10p	76		R1.85	2.5	3.3	16.5
§18	F.P.	-	20	19	‡Pathfinders Grp. 5p	19	-1	b0.29	3.9	2.1	16.6
§114	F.P.	-	121	115	‡Sykes-Pickavant 10p	116		R5.25	2.0	6.1	11.1
§70	F.P.	-	73	66	‡Trevian Hldgs. 10p	66		-	-	-	-

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or -
300	Nil	-	52pm	19pm	‡Applied Holographics 5p	20pm	-1
♦	Nil	-	4½pm	3½pm	City & Foreign	2½pm	+½
80	Nil	-	460pm	205pm	Press Tools	230pm	
85	Nil	-	¾pm	¼pm	‡RKF Grp. 10p	¾pm	

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. L Estimated annualised dividend, cover and p/e based on latest annual earnings. N Dividend and yield based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. Z Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided. ♥ Issued by tender. ♦ Offered to holders of ordinary shares as a rights. † Introduction. § Placing price. †† Reintroduction. ♦ Issued in connection with reorganisation merger or takeover. ‡ Allotment price. ‡ Unlisted securities market. ♦ Official London listing. □ Including warrants entitlement. * Third Market.

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price £	+ or -
§	F.P.	-	73p	68p	*Abelcott 5½pc. Cm.Cv.Rd.Pf 2006	68p	-2
-	-	-	99½	90½	Anstacher(H.)9pc.Cnv.Sub.Ln.1998	97½	
100	£10	21/1	14	10½	Chester Wtr. Wks. 11¾pc Rd.Db.98/2000	12	
100p	F.P	-	87p	63p	Helical Bar 5¼pc. Cnv.Cum.Red.Pf.2012	65p	
-	F.P.	-	101⅛	99⅞	N'wide Anglia 10⅝pc 12.9.88	101⅛	+⅛
-	F.P.	-	101⅛	99¼	Do. 10⅝pc 26.9.88	101⅛	+⅛
-	F.P.	-	101⅛	100⅜	Do. 10¼pc 31.10.88	100⅝	+⅛
-	F.P.	-	100⅝	95⅜	Do. 9¼pc 28.11.88	100¼	+⅛
♦	F.P.	-	109½	99¼	Next 5½pc Cnv. 2003	102½	
§100	F.P.	-	115p	109½p	Record Hldgs. 10pc Cnv. Red. Pf. £1	110p	-
100	F.P.	-	95p	72p	‡Shield Grp. 5.84pc Cnv. Cum. Red. Pf.	72p	-3
-	F.P.	13/11	82p	70p	Utd. Scientific 5½pc Cnv. N-V. Pref.	78p	-1
100p	F.P.	-	108p	100p	‡Williams Fixed Rate Cnv.Cum.Red.Pfr.	103p	-5

FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of stocks per grouping	THURSDAY DECEMBER 3 1987 — US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	WEDNESDAY DECEMBER 2 1987 — US Dollar Index	Pound Sterling Index	Local Currency Index	DOLLAR INDEX — 1987 High	1987 Low	Year ago (approx)
Australia (89)	96.78	-1.9	79.43	91.79	4.50	98.68	80.74	93.47	180.81	85.80	94.68
Austria (16)	92.21	-0.9	75.68	79.58	2.63	93.01	76.10	79.72	102.87	85.53	97.12
Belgium (48)	97.86	-0.6	80.31	84.35	5.64	98.43	80.54	84.47	134.89	96.19	97.92
Canada (127)	101.27	-2.4	83.11	96.21	3.22	103.79	84.92	98.68	141.78	98.15	100.74
Denmark (38)	111.54	-0.7	91.54	97.17	3.06	112.36	91.93	97.38	124.83	98.18	100.82
France (121)	83.34	-1.1	68.39	73.73	3.64	84.23	68.92	74.26	121.82	77.39	101.84
West Germany (93)	75.23	-0.8	61.74	64.90	2.95	75.84	62.05	65.15	104.93	68.91	97.85
Hong Kong (46)	79.96	-2.1	65.62	79.71	6.15	81.70	66.85	81.47	158.68	75.82	94.85
Ireland (14)	98.44	-1.3	80.79	86.67	5.26	99.74	81.61	87.40	160.22	96.20	94.88
Italy (94)	79.16	-1.3	64.97	72.36	2.65	80.24	65.65	73.11	112.11	72.04	95.88
Japan (457)	138.70	-0.6	113.83	116.43	0.60	139.60	114.22	117.10	161.28	100.00	96.67
Malaysia (36)	98.44	-2.0	80.79	94.70	3.86	100.40	82.15	96.57	193.64	98.24	99.00
Mexico (14)	115.14	-0.7	94.50	286.40	1.04	115.92	94.85	288.33	422.59	99.72	94.57
Netherland (37)	92.23	-0.2	75.70	78.64	5.74	92.46	75.65	78.54	131.41	87.70	99.18
New Zealand (20)	77.60	+1.0	63.69	63.74	5.27	76.85	62.88	63.29	138.99	75.99	91.81
Norway (24)	100.17	-1.0	82.21	87.39	3.13	101.22	82.82	88.17	185.01	96.03	99.70
Singapore (27)	87.31	-4.6	71.66	81.64	2.94	91.48	74.85	85.43	174.28	87.31	99.57
South Africa (61)	145.03	-1.5	119.02	96.08	4.50	147.19	120.43	96.78	198.09	100.00	107.69
Spain (43)	116.19	-1.7	95.35	98.76	4.18	118.21	96.72	99.85	168.81	100.00	92.49
Sweden (34)	92.86	+1.2	76.21	82.65	2.77	91.71	75.04	81.43	136.64	88.50	98.75
Switzerland (53)	78.92	-1.7	64.77	66.46	2.51	80.31	65.71	67.31	111.11	73.65	97.68
United Kingdom (332)	117.17	-0.5	96.16	96.16	4.84	117.73	96.33	96.33	162.87	99.65	93.35
USA (582)	92.00	-3.3	75.51	92.00	4.00	95.16	77.86	95.16	137.42	92.00	104.91
Europe (947)	96.45	-0.7	79.16	81.78	4.14	97.17	79.51	82.09	130.02	92.25	96.25
Pacific Basin (675)	134.87	-0.7	110.69	114.16	0.81	135.83	111.14	114.89	158.77	100.00	96.53
Euro-Pacific (1622)	119.53	-0.7	98.10	101.24	1.89	120.40	98.51	101.80	143.65	100.00	96.42
North America (709)	92.49	-3.3	75.91	92.26	3.96	95.62	78.23	95.38	137.55	92.49	104.69
Europe Ex. UK (615)	83.60	-1.0	68.61	72.85	3.52	84.42	69.07	73.26	111.97	78.89	98.05
Pacific Ex. Japan (218)	88.50	-1.9	72.64	84.36	4.97	90.25	73.84	85.98	164.03	83.17	94.84
World Ex. US (1824)	119.16	-0.8	97.80	101.18	1.97	120.10	98.27	101.81	143.38	100.00	96.68
World Ex. UK (2074)	107.83	-1.7	88.50	98.28	2.39	109.75	89.79	99.94	138.82	100.00	100.52
World Ex. So. Af. (2345)	108.41	-1.6	88.97	98.02	2.61	110.20	90.17	99.53	139.47	100.00	99.83
World Ex. Japan (1949)	94.26	-2.3	77.36	88.60	4.06	96.48	78.94	90.56	134.22	94.26	101.42
The World Index (2406)	108.65	-1.6	89.17	98.05	2.63	110.44	90.36	99.55	139.73	100.00	99.88

Base values: Dec 31, 1986 = 100
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Latest prices were unavailable for this edition.

FT – ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section	Fri Dec 4 1987 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Thu Dec 3 Index No.	Wed Dec 2 Index No.	Tue Dec 1 Index No.	Year ago (approx) Index No.	1987 High	1987 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (214)	635.45	-0.5	11.13	4.52	11.29	19.71	638.86	640.84	632.44	672.90	1038.07 16/7	618.07 10/11	1038.07 16/7 /87	50.71 13/12/74
2	Building Materials (30)	798.03	-1.5	12.10	4.69	10.31	23.87	809.79	809.91	799.57	845.42	1381.08 16/7	798.03 4 /12	1381.08 16/7 /87	44.27 11/12/74
3	Contracting, Construction (33)	1183.82	-0.9	18.53	4.21	12.70	34.54	1194.12	1193.00	1185.62	1147.83	1951.50 16/7	1115.39 10/11	1951.50 16/7 /87	71.48 2 /12/74
4	Electricals (14)	1843.92	+0.1	9.92	5.04	13.11	64.72	1841.97	1865.73	1827.47	1717.50	2733.45 20/7	1661.76 10/11	2733.45 20/7 /87	84.71 25/6 /62
5	Electronics (33)	1387.98	-0.4	11.47	3.74	11.39	36.02	1393.98	1388.30	1375.66	1429.18	2236.70 17/7	1375.66 1 /12	2236.70 17/7 /87	1229.01 8 /10/85
6	Mechanical Engineering (60)	327.31	-0.4	11.72	5.16	10.74	11.92	328.46	322.61	327.88	381.48	544.57 14/10	296.26 10/11	544.57 14/10/87	45.43 5 /1 /75
8	Metals and Metal Forming (7)	380.54	+1.6	10.79	4.41	11.18	11.55	374.54	371.99	364.19	348.19	596.67 9 /10	348.64 9 /11	596.67 9 /10/87	49.65 6 /1 /75
9	Motors (14)	221.69	-0.4	13.57	5.22	8.58	7.36	222.54	225.57	222.58	267.32	411.42 13/10	221.69 4 /12	411.42 13/10/87	19.91 6 /1 /75
10	Other Industrial Materials (23)	1130.52	-0.3	9.07	4.55	13.11	37.40	1133.47	1141.36	1118.36	1175.98	1736.80 22/9	1051.78 10/11	1736.80 22/9 /87	277.55 15/1 /81
21	CONSUMER GROUP (182)	932.31	-0.8	9.22	3.86	13.80	23.47	940.18	945.85	933.23	924.21	1406.32 16/7	919.77 9 /11	1406.32 16/7 /87	61.41 13/12/74
22	Brewers and Distillers (21)	908.20	-0.4	11.40	4.22	11.04	18.46	911.91	918.76	893.22	923.82	1269.35 16/7	877.37 9 /11	1269.35 16/7 /87	69.47 13/12/74
25	Food Manufacturing (23)	748.35	-1.1	10.11	4.28	12.77	22.49	756.43	761.60	745.77	734.70	1092.25 16/7	726.65 9 /11	1092.25 16/7 /87	59.67 11/12/74
26	Food Retailing (17)	1888.74	-1.5	8.46	3.22	15.78	48.77	1917.05	1995.01	1896.05	1843.35	2649.96 16/7	1848.05 10/11	2649.96 16/7 /87	54.25 11/12/74
27	Health and Household Products (10)	1682.82	-1.6	6.87	2.67	17.11	33.67	1710.49	1701.17	1668.14	1485.50	2699.85 16/7	1590.82 10/11	2699.85 16/7 /87	175.38 28/5 /80
29	Leisure (29)	993.79	-1.8	8.14	4.59	15.34	29.45	1011.62	1012.27	988.23	971.93	1504.79 13/10	943.07 9 /11	1504.79 13/10/87	54.83 9 /1 /75
31	Packaging & Paper (26)	442.69	-0.4	9.52	4.08	13.82	12.53	444.66	449.95	439.75	486.24	739.48 16/7	427.56 10/11	739.48 16/7 /87	43.46 6 /1 /75
32	Publishing & Printing (15)	2905.99	-0.8	7.53	5.02	16.79	97.34	2929.31	2969.45	2951.96	2658.32	5070.66 5 /10	2713.49 2 /1	5070.66 5 /10/87	55.08 6 /1 /75
34	Stores (35)	752.78	+0.4	9.92	4.00	13.53	20.18	749.46	763.06	772.57	825.88	1160.58 29/7	749.46 3 /12	1160.58 29/7 /87	52.63 6 /1 /75
35	Textiles (16)	524.75	-0.5	12.47	4.49	9.24	15.46	527.59	532.06	518.26	534.23	914.52 2 /10	515.17 30/11	914.52 2 /10/87	62.66 11/12/74
40	OTHER GROUPS (87)	764.49	-0.3	12.05	4.83	10.31	21.23	767.11	770.65	767.99	792.24	1192.48 8 /10	759.10 10/11	1192.48 8 /10/87	58.63 6 /1 /75
41	Agencies (17)	870.35	-1.1	8.04	2.71	15.89	16.91	880.07	883.78	872.13	0.0	1795.57 17/7	870.35 4 /12	1795.57 17/7 /87	870.35 4 /12/87
42	Chemicals (21)	942.34	-0.4	10.57	4.97	11.55	33.31	945.94	942.86	934.52	1010.09	1545.46 5 /10	920.61 10/11	1545.46 5 /10/87	71.20 1 /12/74
43	Conglomerates (13)	1033.96	-0.7	11.66	5.05	9.85	22.43	1041.19	1044.73	1042.82	0.0	1547.01 8 /10	975.19 10/11	1547.01 8 /10/87	975.19 10/11/87
45	Shipping and Transport (11)	1588.05	-0.1	10.71	5.19	12.25	56.73	1589.45	1613.28	1594.98	1531.54	2497.85 16/7	1535.32 9 /11	2497.85 16/7 /87	90.80 29/6 /62
47	Telephone Networks (2)	813.87	—	13.23	5.20	10.06	18.98	813.87	818.56	821.64	782.86	1274.14 9 /6	813.87 3 /12	1274.14 9 /6 /87	517.92 30/11/84
48	Miscellaneous (23)	1047.87	-0.3	14.68	4.55	8.11	33.80	1050.88	1058.79	1056.32	1180.15	1773.70 5 /10	1039.40 10/11	1773.70 5 /10/87	60.39 6 /7 /75
49	INDUSTRIAL GROUP (483)	816.82	-0.6	10.46	4.29	12.03	22.29	821.98	826.02	817.25	833.56	1268.86 16/7	804.87 10/11	1268.86 16/7 /87	59.01 13/12/74
51	Oil & Gas (17)	1528.68	+1.1	10.87	6.44	11.35	65.74	1512.23	1487.60	1512.02	1483.41	2458.68 16/7	1487.60 2 /12	2458.68 16/7 /87	87.23 29/5 /62
59	500 SHARE INDEX (500)	877.16	-0.4	10.52	4.61	11.92	26.04	880.48	882.07	876.14	881.60	1369.88 16/7	867.65 10/11	1369.88 16/7 /87	63.49 13/12/74
61	FINANCIAL GROUP (121)	571.10	-0.7	—	5.48	—	21.37	574.88	577.14	568.42	601.21	896.67 13/10	565.33 10/11	896.67 13/10/87	55.88 13/12/74
62	Banks (8)	583.18	-0.7	22.87	6.71	5.78	25.98	587.37	590.63	582.95	648.98	898.38 16/7	577.39 4 /11	898.38 16/7 /87	62.44 12/12/74
65	Insurance (Life) (8)	848.95	-1.8	—	5.42	—	32.56	864.62	862.75	847.77	856.77	1285.72 9 /10	821.55 9 /11	1285.72 9 /10/87	44.88 2 /1 /75
66	Insurance (Composite) (7)	461.56	+1.3	—	5.97	—	20.16	455.55	455.31	448.44	449.00	707.58 13/10	448.44 1 /12	707.58 13/10/87	43.96 13/12/74
67	Insurance (Brokers) (8)	751.16	-0.1	14.77	7.63	8.66	39.63	752.00	754.29	739.53	1166.15	1399.56 17/7	709.92 9 /11	1399.56 17/7 /87	66.86 16/12/74
68	Merchant Banks (11)	307.09	-0.4	—	4.63	—	8.77	308.41	312.69	307.20	345.19	547.59 12/10	307.09 4 /12	547.59 12/10/87	31.21 7 /1 /75
69	Property (49)	848.04	-1.5	6.10	3.60	20.97	18.92	860.96	869.08	859.01	887.36	1374.86 16/7	805.82 5 /1	1374.86 16/7 /87	56.01 20/4 /65
70	Other Financial (30)	347.27	-0.6	10.37	4.56	12.21	11.96	349.21	348.16	339.79	362.58	603.48 16/7	339.79 1 /12	603.48 16/7 /87	33.29 17/12/74
71	Investment Trusts (87)	742.86	-1.9	—	3.41	—	17.14	756.58	758.83	757.64	849.50	1207.90 5 /10	726.15 10/11	1207.90 5 /10/87	71.12 13/12/74
81	Mining Finance (2)	412.45	-3.0	11.02	4.14	10.22	12.77	425.38	426.79	423.24	324.90	727.93 3 /8	336.91 10/11	727.93 3 /8 /87	66.31 30/9 /74
91	Overseas Traders (10)	858.09	-0.4	10.68	5.82	11.05	37.00	861.27	864.86	854.06	747.39	1364.12 13/10	778.26 2 /1	1364.12 13/10/87	97.37 6 /1 /75
99	ALL-SHARE INDEX (720)	795.96	-0.5	—	4.70	—	24.49	800.06	801.84	795.51	806.52	1238.57 16/7	784.81 10/11	1238.57 16/7 /87	61.92 13/12/74

	Index No.	Day's Change	Day's High	Day's Low	Dec 3	Dec 2	Dec 1	Nov 30	Nov 27	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX ♦	1588.4	-1.9	1611.5	1586.0	1590.3	1578.5	1579.9	1651.6	1660.7	1613.5	2443.4 16/7	1565.2 9 /11	2443.4 16/7 /87	986.9 23/7 /84

FIXED INTEREST

	PRICE INDICES	Fri Dec 4	Day's change %	Thu Dec 3	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	124.28	-0.08	124.70	0.39	10.48
2	5-15 years	141.39	-0.74	142.44	—	12.14
3	Over 15 years	147.80	-1.40	149.90	—	12.41
4	Irredeemables	164.33	-0.92	165.87	—	13.59
5	All stocks	137.74	-0.65	138.77	0.13	11.72
	Index-Linked					
6	5 years	125.24	+0.01	125.22	—	2.18
7	Over 5 years	119.76	+0.02	119.73	—	2.89
8	All stocks	120.03	+0.02	120.01	—	2.82
9	Debentures & Loans	119.01	+0.03	118.98	—	10.46
10	Preference	85.87	-0.08	85.93	—	6.09

	AVERAGE GROSS REDEMPTION YIELDS		Fri Dec 4	Thu Dec 3	Year ago (approx.)	1987 High	1987 Low
	British Government						
1	Low	5 years	8.48	8.41	9.91	9.92 19/10	7.52 11/5
2	Coupons	15 years	9.37	9.21	10.58	10.27 19/10	8.53 8 /5
3		25 years	9.27	9.10	10.59	10.08 2 /1	8.55 8 /5
4	Medium	5 years	9.12	9.02	11.34	10.80 2 /1	8.39 8 /5
5	Coupons	15 years	9.59	9.41	10.94	10.51 19/10	8.74 8 /5
6		25 years	9.55	9.35	10.57	10.24 19/10	8.75 8 /5
7	High	5 years	9.19	9.11	11.43	10.84 2 /1	8.58 8 /5
8	Coupons	15 years	9.72	9.55	11.14	10.67 19/10	8.86 8 /5
9		25 years	9.54	9.35	10.66	10.31 19/10	8.72 8 /5
10	Irredeemables†		8.97	8.88	10.30	10.30 19/10	8.41 9 /11
	Index-Linked						
11	Inflation rate 5%	5yrs	2.52	2.51	3.82	4.03 19/10	2.83 20/5
12	Inflation rate 5%	Over 5 yrs	3.73	3.73	3.80	4.63 19/10	3.30 6 /4
13	Inflation rate 10%	5 yrs	2.84	2.81	2.39	4.14 19/10	0.85 24/3
14	Inflation rate 10%	Over 5 yrs	3.79	3.79	3.64	4.65 19/10	3.17 27/3
15	Debs &	5 years	10.60	10.61	11.82	11.86 20/10	9.46 12/6
16	Loans	15 years	10.58	10.59	11.77	11.67 20/10	9.79 23/3
17		25 years	10.58	10.59	11.71	11.49 20/10	9.84 23/3
18	Preference†		10.55	10.54	11.83	11.83 2 /1	10.05 22/6

♦Opening index 1567.2; 10 am 1573.9; 11 am 1574.4; Noon 1574.4; 1 pm 1571.4; 2 pm 1564.0; 3 pm 1562.9; 3.30 pm 1566.3; 4 pm 1576.8

CONSTITUENT CHANGES: Samuelson Group (29) has been deleted and replaced by Eagle Trust (10).NAME CHANGE: FKI Electricals (6) has become FKI Babcock.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p

Economic Diary

TODAY: Labour Party holds "Beating the blues" policy review conference in London.

MONDAY: Retail sales (October-final). Credit business (October). EC finance and transport councils meet in Brussels. Mrs Margaret Thatcher, Prime Minister, to meet Mr Mikhail Gorbachev, Soviet leader, at Brize Norton. Mr Gorbachev then flies onto Washington for a summit meeting with President Ronald Reagan. Royal Smithfield Show opens. ASTMS and TASS announce results of merger ballot. Health and Safety Commission and Executive annual report. Royal Institute of International Affairs conference "Energy 1987 - the new market equilibrium?" at 10 St James Square, SW1. CBI hold confrence "Winning partnerships - success through academic/industry collaboration" at Centre Point, London.

TUESDAY: EC Industry Council meets in Brussels.

WEDNESDAY: EC Budget Council meets in Brussels (until December 10). Letters of Eurotunnel share allocation go out. OPEC ministers meet in Vienna. Franco-African summit in Antibes (until December 13). Lord Young makes statement on Inward investment survey. Women in Business conference at the Institute of Directors, 116 Pall Mall, SW1.

THURSDAY: Provincial figures of vehicle production (November). CBI/FT survey of distributive trades (November). EC Agriculture Council meets in Brussels (until December 11). EC Cultural Ministers hold informal meeting in Denmark. Dealings in Eurotunnel shares commence. NUM national executive meets. Air Transport Users Committee annual report.

FRIDAY: Usable steel production (November). Tax and price index (November). Retail prices index (November). Construction output (third quarter provisional). Mr Kenneth Baker, Education Secretary, attends Industrial Society local financial management conference at the Institution of Civil Engineers, Great George Street, SW1. Centre for Economic Policy Research holds conference "The case for trade policy rules" at 10 St James Square, SW1.

VOLUMES IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
ASDA-MFI	1,100	Enterprise Oil	1,100	Prudential	517
Allied-Lyons	1,800	Fisons	754	Racal	10,000
Amstrad	2,800	Gen. Accident	80	Rank Org.	356
Argyll Group	2,200	Gen. Elect	4,200	RMC	88
Assoc. Brit. Foods	565	Glaxo	2,600	RHM	932
BAA	1,100	Globe Investment	67	Reckitt & Col.	123
BAT	4,800	Granada	302	Redland	354
BET	600	Grand Met	1,800	Reed Intl.	1,600
BICC	1,300	GUS A	128	Reuters	1,200
BOC	1,900	Guardian R.E.	246	RTZ	579
BPB Inds	316	GKN	1,100	Rolls-Royce	12,000
BTR	1,600	Guinness	3,200	Rothmans	187
Barclays	1,700	Hammerson	129	Rowntree	126
Bass	1,300	Hanson Trust	11,000	Ryl Bank Scotland	1,600
Beecham	2,700	Hawker Sidd	316	Royal Insurance	981
Blue Arrow	3,600	Hillsdown Hldngs	595	STC	1,500
Blue Circle	566	IMI	364	Saatchi & Saatchi	1,800
Boots	1,300	ICI	1,700	Sainsbury	1,100
Brit. Airways	2,100	Jaguar	3,400	Scott & Newcastle	181
Brit. Aero	4,100	Ladbroke	1,900	Sears	3,400
Brit. & Comm.	866	Land Securities	2,500	Sedgwick	152
British Gas	9,600	Laporte	13	Shell Trans	3,200
Britoil	4,550	Legal & Gen.	568	Smith & Nephew	4,900
BP	13,000	Lloyds Bank	1,100	Standard Chart.	620
Brit. Telecom	13,000	LASMO	889	Storehouse	2,000
Bunzl	253	Lonrho	692	Sun Alliance	89
Burmah Oil	148	Lucas	247	T & N	362
Burton	2,900	MEPC	711	TSB	2,300
Cable & Wire	3,600	Marks & Spencer	5,900	Tarmac	1,800
Cadbury Schwps	717	Maxwell Comms.	1,800	Tesco	3,700
Coats Viyella	1,300	Metal Box	302	Thorn EMI	1,300
Comm. Union	1,300	Midland Bank	1,000	Trafalgar House	1,000
Cons. Gold	665	NatWest Bank	616	T'house Forte	2,100
Cookson	274	Next	373	Ultramar	598
Courtaulds	459	Northern Foods	259	Unilever	1,200
Dalgety	294	Pearson	538	United Biscuits	539
Dee Corpn	6,600	Pearl Assurance	54	Wellcome	4,000
Dixons Group	1,000	P & O	273	Whitbread A	117
English China Clays	273	Pilkington Bros	1,600	Woolworth	2,600
		Plessey	9,700		

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FINANCIAL TIMES CONFERENCES

CIVIL AVIATION IN THE PACIFIC BASIN: THE PATTERN OF THE FUTURE

Singapore, 25 & 26 January, 1988

The Pacific Basin, civil aviation's fastest growing air transport arena, is the subject of the Financial Times fifth Asian Aerospace conference on 25 & 26 January, 1988. The rapid growth in the region is already imposing, and will continue to impose, strains upon the airlines, airports and the aviation infrastructure overall. It will generate a massive demand for new aircraft and the money with which to buy them for many years to come.

The aim of this '88 conference is to define these problems and indicate possible developments and solutions.

Speakers taking part include:
Sir Colin Marshall
Dr Cheong Choong Kong
Mr Mitsunari Kawano
Mr Michael Miles
Mr Frederick W Bradley, Jr
Mr Michihiro Sekiya
Mr Colin J Hood
Mr Michael J S Jones
Mr James F Chorlton
Mr Gareth C C Chang

The Conference has been timed to precede the Asian Aerospace '88 Exhibition to be held at Singapore Changi Airport, 27-31 January, 1988.

CIVIL AVIATION IN THE PACIFIC BASIN
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BZW plans purchase of leading French broker

BY PAUL BETTS IN PARIS

BARCLAYS DE ZOETE WEDD (BZW), the investment banking arm of the UK clearing bank, is planning to acquire Puget, one of France's 10 leading stockbroking firms.

BZW's move follows a spate of recent acquisitions of Paris brokers by large international and French banking groups.

The British bank confirmed yesterday that it was looking at *the possibility of linking up with* a French stockbroker but declined to comment further.

Although the deal still hinges on French Treasury approval, Paris bankers said they expected the transaction to be finalised *next* week.

The deal is expected to see BZW eventually acquire a 70 per cent stake in Puget, a specialist in French blue chip shares with profits of *FFr23m ($4.08m) last* year.

Under the new French stock market legislation - approved by the National Assembly last week - French brokers are allowed to open up *their capital to outside* shareholders in stages between the beginning of next year and 1990.

The recent collapse of world stock markets does not appear to have deterred big international and French banks from plans to acquire French brokers and thus develop their business in the deregulated French financial markets.

Since the crash began on October 19, S.G. Warburg, the UK *investment banking group, has* announced plans to buy Bacot-Allain while J.P. Morgan, the fifth largest US bank, has said it is planning to take 80 per cent of *Nivard-Flornoy.*

More recently, Swiss Bank Corporation has announced plans to acquire 80 per cent of Ducatel-Duval and buy control of Banque Stern, a small French investment *bank.*

BZW is the third British group to move into the French stockbroking market after S.G. Warburg and James Capel, the Hongkong Bank subsidiary which was the first UK-based broker to announce plans to take over a French broker.

Other leading Paris brokers have announced alliances with French banks and financial institutions.

Compagnie du Midi, the French insurance and brewing *group, recently announced plans* to buy Meeschaert Rousselle, the largest French broker, while Credit Agricole has decided to buy not one but two broking *firms.*

Newmont may sell Australian interest

By Our Sydney Correspondent

NEWMONT MINING of the US, which fought off a raid from Mr T. Boone Pickens in October, may sell its 75 per cent stake in Newmont Australia to reduce its US$2bn debt.

Newmont Australia said in Melbourne yesterday that the US parent had initiated discussions with unnamed parties to sell all or part of its shareholding.

The surprise statement said the move was one of a number of alternatives being considered, and emphasised that there was "no certainty at this stage" that any sale would take place.

The company simultaneously released updated information showing a sharp increase in its resources. Among other things, Newmont Australia has 70 per cent of Telfer, the country's second largest gold mine.

According to Newmont, the information was released to keep the market informed and did not mean a sale was imminent. The aim appears to be to avoid damaging leaks.

It is presumed that one party in the discussions is Broken Hill Proprietary (BHP), Australia's largest company, as its BHP Gold has the other 30 per cent stake in Telfer.

But other companies in business with Newmont are also likely to be involved.

Newmont Australia is itself discussing with its US parent the possible acquisition of the group's South Pacific exploration projects.

These are located in Indonesia, Papua New Guinea, the Solomon Islands, Fiji and New Zealand.

According to figures released yesterday, Telfer is reckoned to have 2.86m ounces of gold, 25 per cent higher than the 2.275m ounces estimated at the end of 1986.

News Corp halts AAP share move

BY CHRIS SHERWELL IN SYDNEY

NEWS CORPORATION, Mr Rupert Murdoch's Australian master company, yesterday *suspended controversial plans to* acquire a controlling interest in the country's domestic news wire service and its only newsprint mill.

The move followed intervention by the Trade Practices Commission, the national antitrust agency, which said News Corporation's proposed acquisitions would be likely to contravene the Trade Practices Act.

The company confirmed to the *commission that it wanted to* buy the shares held by John Fairfax, its rival, in Australian Associated Press (AAP), AAP Information Services and Austra*lian Newsprint Mills.*

The purchases, for a reported A$275m (US$193.6m), would give News an estimated 80 per cent holding in AAP and more than 90 per cent of Australian Newsprint Mills. In the process it would also significantly increase its stake in Reuters, the interna*tional news agency.*

But after a series of discussions with News executives this week, the Trade Practices Commission *won assurances from the com*pany that it would not proceed with the proposed acquisitions without prior *discussion with the* commission.

The company will be presenting the commission with further material and proposals in the next seven days.

The commission made clear that the proposed acquisitions would breach the Trade Practices Act, which says one company cannot take over another if, as a result, the acquiring company will be in a position to dominate the market.

It is thought this *refers more* to the AAP acquisition than to the stake in Australian Newsprint Mills.

Although the mill is the only one of its type in the country, it does not have a monopoly. Newsprint is imported into Australia duty-free.

Opposition politicians from the Liberal and the small Democrat parties have voiced strong criticism of the proposed deal. Journalists and some newspapers *have also expressed concern.*

But in its statement yesterday, the commission said it believed the provisions of the Act conferred on it adequate power to deal with the matter and to pursue appropriate remedies if the need arose.

Kelly buys into tobacco group

BY RODERICK ORAM IN NEW YORK

MR DONALD KELLY, the Chicago food industry executive reaping huge profits from the leveraged buyout of Beatrice Companies, has taken a 4.3 per cent stake in American Brands, the diversified US group which includes Gallaher, the UK tobacco company.

American Brands, which said it believed E-II Holdings, Mr Kelly's master company, *had* not increased its stake since the third week of October, also announced the buyback of up to *10m of its common shares,* equal to 9 per cent of the total.

The shares jumped $3¼ to *$39⅞ in early trading yesterday,* valuing the whole group at about $4.4bn.

E-II, floated in a stock market offering in July, declined to comment on American Brands' announcement, but reiterated its goal of making a number of *"major leveraged" deals to* "increase shareholders' value."

American Brands has been undergoing a wide-ranging restructuring, which has reduced *tobacco's contribution to group* sales from nearly 50 per cent five years ago to around 30 per cent now.

Total sales will be close to *$9bn this year, but tobacco prod*ucts still accounted for 63 per cent of first-half operating profits of $520m.

It is concentrating on four core *businesses: tobacco, distilled* drinks, financial services and office products. Its famous cigarette and pipe tobacco brand names include, in the UK, Silk Cut, Benson and Hedges and Old Holborn.

It is the fifth-largest US ciga*rette producer, with 8 per cent* market share through such brands as Pall Mall, Lucky Strike and Tareyton.

Drinks product lines, boosted *by the acquisition earlier this* year of National Distillers spirits *division,* includes Jim Beam Whisky.

The main elements of its *financial services operations* include Franklin Life and Southland Life.

Mr Kelly took Beatrice private last year in a record-breaking *$6.2bn* leveraged buyout. He and his partners have since paid more than half their original debt and are generating large sums of cash from disposals.

Total furthers expansion in North America

By Our Paris Staff

TOTAL COMPAGNIE Francaise des Petroles, the French oil *group, has expanded further* in the North American market by acquiring a large stake in a Canadian gold company.

Total Erickson Resources, the French group's Canadian subsidiary, disclosed *it had bought* 11.6 *per cent of the capital of* Getty Resources, a Canadian gold mining group which owns several permits in North America.

Total declined to disclose the value of its acquisition but said it had accumulated the stake *during the last six months.*

Total's Canadian subsidiary *has now become the single lar*gest shareholder in the Canadian mining company.

The French group said it regarded the acquisition as a long-term investment and that it would consider additional share *purchases in the light of the* Canadian company's prospects and general market conditions.

The move is also part of the French company's diversification policy and its efforts to increase its presence on the North American market.

Hurricane claims set at $1bn

BY NICK BUNKER IN LONDON AND HAIG SIMONIAN IN FRANKFURT

THE TOTAL Western European insurance bill for the October hurricane is likely to be at least DM2bn ($1.21bn), according to the Munich Reinsurance Company, the world's biggest professional reinsurer.

Mr Horst Janott, chairman of the group's management board, said at the company's annual meeting yesterday that Munich Re's contribution would probably be between DM70m and DM80m.

Although the UK and France were the hardest hit, there was also damage in Spain, Portugal, the Netherlands and Norway.

Munich Re said its own hurricane pay-out would probably be less than its losses from the 1985 Mexico City earthquake, which may cost it up to DM90m.

It will be only about half the DM160m the company paid toward the DM1.6bn total insurance losses caused by a 20-minute freak hailstorm which hit Bavaria in July, 1984.

It seems likely that the DM2bn figure quoted by Munich Re for the October hurricane will actually be exceeded by quite a large margin.

The Association of British Insurers has estimated that the total UK losses will be about £500m ($900m), although one big British insurance company, Commercial Union, thinks they could reach £700m.

Munich Re said yesterday that there were estimates of claims of FFr4.5bn ($799m) expected to arise from property damage in western and northern France.

Hypobank earnings fall at 10 months

BY OUR FRANKFURT CORRESPONDENT

BAYERISCHE HYPOTHEKEN- und Wechselbank (Hypobank) announced yesterday that profits fell by 3.7 per cent to DM699.6m ($421m) for the first 10 months *of 1987, from DM726.6m for the* corresponding period last year.

The bank gave no figures for its full operating profits, which include gains from own-account *trading, but said that "largely* satisfactory" profits from trading had to be set against write-downs for certain securities following the stock market collapse.

The fall in Hypobank's profits is appreciably lower than the double-digit cuts reported by other leading German banks in the past two weeks.

Hypobank has been partly *cushioned by its mortgage* lending business, and it said it anticipated an "encouraging" overall *result for the year.*

Bayerische Vereinsbank, the slightly larger Bavarian bank, reported partial operating profits *14 per cent lower at DM487m in* the period to October 31 against DM567m for the corresponding period last year.

However, the bank proposed to pay a maintained DM13 a *share* dividend, Mr Maximilian Hackl, chief executive, said.

Interest income at Bayerische Vereinsbank fell marginally to DM1.17bn against DM1.18bn last year, while commission income *rose by DM6m to DM313m.* Staff costs rose appreciably as part of its reorganisation programme and are set to go up again in 1988.

Hypobank's *interest income* rose to DM1.5bn against DM1.4bn in the first 10 months of 1986, while its *commission income fell* slightly to DM261m against DM263m last year.

Both Bavarian banks increased their total assets at group level, largely due to growth in their mortgage banking activities, *which have been buoyant in* Bavaria.

Bayerische Vereinsbank's total group assets rose to DM147bn while those at Hypobank *climbed to DM127bn.*

German metals group lower

METALLGESELLSCHAFT, the West German base metals and engineering company, expects to pay an unchanged dividend for fiscal 1987, although profits dipped and world-wide sales dropped 13 per cent to *DM12.921bn ($7.78bn) from* DM14.9bn a year earlier, **AP-DJ reports from Frankfurt.**

Mr Dietrich Natus, chairman, said group profit appeared likely to have dropped in the fiscal year ended September 30 below the group net of *DM70m* earned a year earlier.

He indicated the company would maintain its dividend at *DM6 per DM50 nominal* share, unchanged from 1986.

Hudson's Bay hit by real estate offshoot

By Robert Gibbens in Montreal

HUDSON'S BAY, Canada's largest department store group, had better merchandising results in the first nine months, but its real estate subsidiary had to make an after-tax C$101.7m *($77.6m)* write-down off the value of Texas properties.

On an operating basis, the Bay showed a loss of C$136.6m, against a loss of C$77.9m a year earlier. The latest period *includes* the real estate write-down. Sales were C$3.3bn, against C$3.8bn.

After special gains on the sale of assets, the Bay's final loss was C$153.6m, against a loss of C$75.5m. Third-quarter operat*ing loss was C$86.6m, against a* loss of C$15.1m, on sales of C$1bn against C$1.3bn.

The Bay said it carried Markborough Properties, its real estate subsidiary, at a book value of C$350m at the end of 1986, but the real value is much higher.

Worlds of Wonder lays off 50% of employees

BY LOUISE KEHOE IN SAN FRANCISCO

WORLDS OF WONDER (WoW), the financially troubled California toy maker, laid off almost *half its 400 workers and said it* would not be paying the $3.4m interest due on December 1 on convertible subordinated debentures issued last June.

The interest would be included in a debt restructuring, the company said.

Following a meeting in San Francisco with its leading creditors, including Hong Kong toy manufacturers and US suppliers, WoW said that a creditors committee of nine representatives had been formed to develop an acceptable debt repayment programme between the company *and its banks.*

WoW has retained Bear, Stearns, the investment banking firm, to assist in resolving its current liquidity problems.

As of September 30, WoW had no cash reserves, according to its *financial statement, and second*-quarter losses of $43m. The company has, however, been able to extend a line of credit with its bank for $100m, or 75 per cent of eligible accounts receivable, whichever is smaller.

Last month, Mr Don Kingsborough, WoW chief executive, said the company was considering several financial alternatives, including the possible sale of assets, a private placement or merger.

Only a year ago, WoW was riding a wave of success as the fastest-growing toy company in the US, with first-year sales of $93.1m. The company went public 16 months ago.

WoW's problems stem from its inability to deliver new products and swelling inventories of its older products.

WoW recently slashed prices on some toys in an effort to cut its inventories. WoW had planned to introduce new "interactive" electronic toys this year, *but has delayed introduction* until 1988.

BNL to acquire Argentine bank

BANCA NAZIONALE del Lavoro has been authorised to buy Banco de Italia y Rio de la Plata, one of Argentina's oldest banks, Reuter reports from Buenos Aires.

The $40m deal, expected to be finalised within 10 days, is seen as strengthening ties between the two countries.

BNL will buy the 99 branch offices of the Argentine bank and rent its headquarters.

NEC revises forecast after strong half

NEC, the Japanese electronics group, boosted consolidated net profits 10.7 per cent in its first half to September to reach Y9.52bn ($71.7m), **Our Financial Staff writes.**

The result is attributed to a good showing in domestic appliances and increased overseas production.

For the full year, NEC has revised upward its forecast for net earnings to Y27.5bn from an earlier estimate of Y25bn. If met, this would represent an 83 per cent revival from the depressed outcome of Y15.03bn a year earlier.

Sales at Y1,242bn in the latest six months were up 6.8 per cent and the full-year forecast for turnover is being maintained at Y2,700bn, a rise of 10.2 per cent.

First-half sales of computers and industrial electronic systems, its biggest division, rose 13 per cent to Y506.17bn.

Communications equipment fell 3.3 per cent to Y352.02bn due to lower exports, but this side is expected to show an upturn in the current half because of spending by Nippon Telegraph and Telephone.

Semiconductor sales rose 7.8 per cent to Y211.63bn as market prices recovered.

WORLD COMMODITIES PRICES

LONDON MARKETS

A HEAVY bout of *profit-taking* left copper prices sharply lower on the London Metal Exchange yesterday. As the expected correction from recent highs was extended in response to talk of a big rise *in LME warehouse* stocks, the cash grade A position fell £125 to £1,352.50 a tonne, taking the fall on the week to £177.50 a tonne. Silver prices also came under pressure, partly *inspired by the fall in gold.* Dealers said silver's fall was also influenced by liquidation of speculative long positions and a re-emergence of recessionary fears. In contrast the cocoa market was very firm, encouraged by reports that producers and consumers were close to agreement on revising International Cocoa Organisation buffer stock support prices. The March position closed £43 *up on the day at £1,137* a tonne.

SPOT MARKETS

Crude oil (per barrel FOB December)		+ or -
Dubai	$16.75-6.80z	+0.10
Brent Blend	$17.85-7.95	+0.025
W.T.I.(1 pm est)	$18.80-8.85z	
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$180-182	
Gas Oil	$165-167	+2.5
Heavy Fuel Oil	$81-82	
Naphtha	$154-156	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$480.5	-8.5
Silver (per troy oz)♣	661.5p	-51.5
Platinum (per troy oz)	$490.00	-24.25
Palladium (per troy oz)	$112.75	-11.75
Aluminium (free market)	$1685	+15
Copper (US Producer)	123¾-29¼c	
Lead (US Producer)	42c	
Nickel (free market)	308c	+2
Tin (European free market)	£3840	+2.5
Tin (Kuala Lumpur market)	17.02r	-0.05
Tin (New York)	319.5c	-1.5
Zinc (Euro. Prod. Price)	$860	
Zinc (US Prime Western)	44.375c	
Cattle (live weight)†	103.41p	+1.24*
Sheep (dead weight)†	201.98p	+6.26*
Pigs (live weight)†	72.34p	+2.54*
London daily sugar (raw)	$202.80w	-1.00
London daily sugar (white)	$207.40w	-2.10
Tate and Lyle export price	£217.50	
Barley (English feed)	£110.00	
Maize (US No. 3 yellow)	£133.00	
Wheat (US Dark Northern)	£92.00	
Rubber (spot)♥	62.50p	
Rubber (Jan) ♥	64.00p	
Rubber (Feb) ♥	64.25p	
Rubber (KL RSS No 1 Jan)	267.50m	
Coconut oil (Philippines)§	$505w	
Palm Oil (Malaysian)§	$395	+5
Copra (Philippines)§	$335	
Soyabeans (US)	£145.5	+0.575
Cotton "A" index	75.00c	-1.20
Wooltops (64s Super)	482p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. w-Dec/Jan. v-Jan/Feb. x-Nov/Dec.z-Jan † Meat Commission average fatstock prices. * change from a week ago. ♥ London physical market. § CIF Rotterdam. ♣ Bullion market close. m-Malaysian/Singapore cents/kg

COCOA £/tonne

	Close	Previous	High/Low	
Dec	1095	1064	1098	1055
Mar	1137	1094	1138	1087
May	1155	1113	1155	1108
Jly	1174	1133	1174	1133
Sep	1194	1152	1193	1152
Dec	1216	1176	1217	1177
Mar	1238	1201	1238	1236

Turnover: 7747 (6881) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for December 3: 1412.10 (1415.89) .10 day average for December 4: 1437.27 (1438.83) .

COFFEE £/tonne

	Close	Previous	High/Low	
Jan	1240	1229	1247	1220
Mar	1265	1254	1269	1242
May	1285	1268	1286	1262
Jly	1300	1283	1297	1276
Sep	1315	1302	1307	1295
Nov	1329	1315	1313	1313
Jan	1350	1335		

Turnover: 1611 (1536) lots of 5 tonnes
ICO indicator prices (US cents per pound) for December 3: Comp. daily 114.99 (115.60); 15 day average 116.05 (116.14).

SUGAR $ per tonne

Raw	Close	Previous	High/Low	
Mar	178.80	179.80	181.20	178.60
May	178.80	179.80	180.80	178.40
Aug	179.00	180.00	181.00	179.00
Oct	180.00	181.00	182.20	179.80
Dec	182.00	183.00		
Mar	186.00	187.00	187.00	185.80
White	**Close**	**Previous**	**High/Low**	
Mar	211.50	212.20	213.50	211.50
May	215.50	218.00	280.10	215.50
Aug	221.50	221.40	221.50	220.50
Oct	221.00	221.00	222.00	220.50
Dec	220.50	222.00	222.00	221.50
Mar	226.50	228.00	227.70	226.00
May	230.00	234.00		
Aug	214.80	214.80		

Turnover: Raw 1771 (1734) lots of 50 tonnes; White 1596 (586) .
Paris- White (FFr per tonne): Mar 1200, May 1222, Aug 1255, Oct 1259, Dec 1271, Mar 1295.

GAS OIL $/tonne

	Close	Previous	High/Low	
Dec	164.75	163.00	164.75	163.75
Jan	164.50	162.75	164.75	163.50
Feb	161.25	160.00	161.75	160.75
Mar	159.00	156.00	158.25	156.75
Apr	153.75	152.50	153.75	153.25
May	152.50	151.75	152.00	151.00
Jun	152.25	152.00	151.75	151.50

Turnover: 6427 (4761) lots of 100 tonnes

GRAINS £/tonne

Wheat	Close	Previous	High/Low	
Jan	116.35	116.40	116.75	116.25
Mar	118.20	118.35	118.55	118.10
May	120.40	120.55	120.75	120.35
Jly	122.75	123.10	123.00	122.75
Sep	103.35	103.25	103.35	103.25
Nov	105.35	105.35	105.35	105.10
Jan	108.00	108.20	108.00	108.00
Barley	**Close**	**Previous**	**High/Low**	
Jan	108.40	108.30	108.55	108.40
Mar	110.20	110.05	110.30	110.20
May	111.35	111.25	111.45	111.35
Sep	97.60	97.75	97.60	97.60
Nov	99.85	99.85	99.85	99.85
Jan	102.25	102.25	102.25	99.85

Turnover: Wheat 329 (266) , Barley 124 (181) lots of 100 tonnes.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading).

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 0 tonne
Cash	1665-75	1650-60		1660-70		
3 months	1650-60	1640-50	1660/1640	1645-55	1650-60	2,523 lots
Aluminium,99.5% purity (£ per tonne)						Ring turnover 27,300 tonne
Cash	919-22	911-3	906	905-5.5		
3 months	905-7	903-4	903/895	895-6	906-7	59,306 lots
Copper, Grade A (£ per tonne)						Ring turnover 58,300 tonne
Cash	1350-5	1475-80	1365/1355	1355-60		
3 months	1210-11	1298-8.5	1240/1188	1208-7	1213-14	80,179 lots
Copper, Standard (£ per tonne)						Ring turnover 0 tonne
Cash	1225-45	1375-80		1230-50		
3 months	1185-1205	1288-92		1180-1200		42 lots
Silver (US cents/fine ounce)						Ring turnover 10,000 ozs
Cash	670-3	698-701		681-4		
3 months	684-7	711-4	695	695-7	675-80	829 lots
Lead (£ per tonne)						Ring turnover 4,725 tonne
Cash	358-60	370-1		365-5.5		
3 months	341-2	348-9	347/337	348-8.5	339-9	12,512 lots
Nickel (£ per tonne)						Ring turnover 1,374 tonne
Cash	3880-90	3840-5		3830-40		
3 months	3642-5	3600-5	3650/3570	3590-3600	3650-5	6,961 lots
Zinc (£ per tonne)						Ring turnover 12,950 tonne
Cash	474-6	473-4	473/472	472-2.5		
3 months	478-9	476-7	482/476	476-7	481-2	14,653 lots

POTATOES £/tonne

	Close	Previous	High/Low	
Feb	102.0	102.0		
Mar	90.0	90.0		
Apr	145.8	146.5	148.0	145.4
May	160.8	160.5	160.5	160.0
Nov	86.0	85.0		

Turnover: 276 (402) lots of 100 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Feb	146.50	144.50	
Apr	138.00	136.80	138.00
Jun	128.00	127.00	
Aug	126.00	128.00	124.50
Oct	128.00	128.00	124.50
Dec	128.00	129.00	

Turnover: 55 (176) lots of 100 tonnes.

FREIGHT FUTURES £/index point

	Close	Previous	High/Low	
Jan	1295.0	1277.0	1295.0	1283.0
Apr	1319.0	1305.0	1320.0	1304.0
Jly	1165.0	1158.0	1165.0	1160.0
Oct	1257.5	1260.0	1257.5	1255.0
BFI	1231.0	1226.5		

Turnover: 371 (279)

STRATEGIC METALS
Selenium continued strong, trading up to $8.05 per lb this week, a new 2½ year high, reports Reuter. Current quotations are around $7.80-8.10, up about 40c on the week. The rise reflects a large increase in exports from Japan to China for its chemicals, glass and alloy manufacturing industries, traders said. Another major factor is the current extreme tightness of its source metal, copper. (Selenium is a by-product in the electrolytic refining of copper.) Cadmium remained firm with business reported to Japanese consumers at $3.10, up 15c on the week. In addition to general European consumer demand, substantial Soviet demand was also said to be underpinning the market. Antimony rose $25 to $2300-2350 per tonne on a lack of Chinese offerings and Eastern Bloc enquiry.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	480-481	267-267¾
Opening	487-487½	269-269½
Morning fix	487.75	268.252
Afternoon fix	486.25	269.241
Day's high	488¼-488¾	
Day's low	479½-480½	
Coins	**$ price**	**£ equivalent**
US Eagle	494-499	274-277
Mapleleaf	494-499	274-277
Britannia	494-499	274-277
Krugerrand	479-482	266-268
1/2 Krug	254-263	141¼-146¼
1/4 Krug	126-134	70-74½
Angel	500-505	278¼-281
1/10 Angel	50-55	27¼-30½
New Sov.	113-114	62¾-63½
Old Sov.	113-114½	62¾-63¾
Noble Plat	519-529	288¼-292¼

Silver fix	p/fine oz	US cts equiv
Spot	377.20	683.65
3 months	386.15	698.70
6 months	393.25	710.05
12 months	409.80	737.85

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.5%)	Calls		Puts	
Strike price $ tonne	Jan	Mar	Jan	Mar
1625		75		
1650			51	
Copper (Grade A)	**Calls**		**Puts**	
Strike price $ tonne	Jan	Mar	Jan	Mar
2150				228
2250			135½	
Copper (Grade A)	**Calls**		**Puts**	
Strike price £ tonne	Jan	Mar	Jan	Mar
1275	40			

US MARKETS

In gold, trade selling hit stops between $486 and $485 and subsequent fresh selling took out further stops following a rally on trade and local short-covering, reports Drexel Burnham Lambert. Palladium *moved to limit-down* while silver remained weak on a combination of stop-loss selling and lack of serious buying. Copper was sharply lower following early trade selling which touched *off* stops before local buying pared losses. Crude oil began on a firm note with good trade buying touching off buy stops. The strength was influenced by a sharp rally in heating oil on reports *of record low stocks.* Later fund selling and trade and local long-liquidation reversed crude oil's direction. Reports of a possible agreement at the ICCO talks led to a strong rally in cocoa. In coffee early trade selling was met by scattered commission house buying. Cotton began trading erratically in thin volume then *moved lower* on trade selling which prompted local long-liquidation but buying was noted from west coast cooperatives. Live cattle moved lower on long-liquidation and stops but bargain hunting rallied prices.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Dec	482.9	488.8	489.0	480.0
Jan	484.5	490.5	0	0
Feb	487.8	493.8	494.4	483.9
Apr	493.8	499.7	500.0	490.0
Jun	499.5	505.8	506.5	495.8
Aug	505.6	512.1	510.0	503.5

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Dec	674.0	689.7	689.0	655.0
Jan	676.2	692.0	689.0	689.0
Mar	687.0	703.0	704.0	664.0
May	698.2	712.5	713.0	675.0
Jul	706.4	722.0	722.5	695.0
Sep	714.9	731.8	728.0	696.0
Dec	729.6	747.0	745.0	712.0
Jan	734.1	751.5	0	0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	111.00	115.25	113.50	109.00
Jan	104.40	108.45	106.00	103.90
Feb	100.25	105.20	0	0
Mar	96.15	101.95	98.90	95.65
May	89.50	95.15	91.50	89.10
Jul	85.90	91.70	88.00	85.50
Sep	84.40	90.20	86.20	85.80
Dec	83.15	88.95	86.00	83.00
Jan	82.95	88.75	0	0
Mar	82.75	88.55	83.00	83.00

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low	
Jan	18.79	18.87	19.05	18.71
Feb	18.47	18.58	18.74	18.43
Mar	18.34	18.46	18.55	18.32
Apr	18.29	18.38	18.47	18.26
May	18.25	18.31	18.35	18.22
Jun	18.19	18.25	18.20	18.19
Jul	18.16	18.19	18.16	18.15
Aug	18.10	18.14	18.20	18.10
Sep	18.05	18.09	0	0
Oct	18.20	18.04	18.20	18.12

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jan	489.1	506.7	505.0	485.0
Apr	497.6	515.2	513.5	494.0
Jul	506.1	524.2	523.0	503.0
Oct	514.6	533.4	531.0	515.0
Jan	523.1	542.6	530.0	530.0

HEATING OIL 42,000 US galls, cents/US galls

	Close	Previous	High/Low	
Jan	56.40	56.67	57.30	56.40
Feb	55.10	55.26	55.70	55.05
Mar	52.35	52.35	52.80	52.20
Apr	50.15	50.20	50.60	50.00
May	48.90	48.90	49.40	48.85
Jun	48.20	48.20	48.20	48.10
Jul	48.00	48.10	48.25	48.00

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Dec	1892	1821	1898	1893
Mar	1897	1822	1908	1826
May	1918	1851	1929	1880
Jul	1947	1879	1947	1910
Sep	1974	1910	1981	1945
Dec	2005	1945	2008	1982
Mar	2040	1975	2046	2030
May	2070	2005	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Dec	124.53	123.75	127.86	124.00
Mar	127.98	127.31	128.40	127.40
May	130.25	129.45	130.39	129.50
Jul	132.23	131.50	132.40	131.50
Sep	133.50	133.57	133.50	132.95
Dec	135.05	134.55	134.90	134.90
Mar	137.50	136.25	0	0
May	137.63	137.25	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	7.55	7.72	0	0
Mar	7.95	7.97	8.03	7.94
May	7.98	7.98	8.02	7.92
Jul	7.98	7.97	8.04	7.93
Oct	8.01	8.03	8.09	8.01
Jan	8.13	8.15	0	0
Mar	8.30	8.34	8.38	8.30

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Dec	64.80	65.71	66.30	64.80
Mar	64.90	66.06	66.68	64.76
May	65.60	66.57	67.50	65.60
Jul	65.75	66.80	67.80	65.75
Oct	63.10	63.75	64.00	63.10
Dec	62.13	62.45	62.77	62.05
Mar	63.37	63.90	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	170.75	170.40	171.70	169.50
Mar	169.10	169.40	170.30	168.50
May	168.00	169.20	168.55	167.30
Jul	167.90	168.00	168.00	166.75
Sep	166.95	167.20	167.25	167.15
Nov	162.95	163.20	0	0
Jan	158.95	159.55	0	0
Mar	158.95	159.55	159.00	159.00
May	158.95	158.95	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Dec 3	Dec 2	mnth ago	yr ago
1669.2	1668.6	1658.1	1633.6

DOW JONES (Base: December 31 1974 = 100)

Spot	131.66	131.82	125.79	118.41
Futures	132.75	134.33	127.56	118.53

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jan	587/0	600/4	602/4	586/2
Mar	595/2	608/6	611/0	595/0
May	601/0	613/4	615/4	600/4
Jul	603/6	617/2	618/4	603/4
Aug	600/0	613/0	616/0	600/0
Sep	576/0	586/0	586/4	576/0
Nov	570/2	578/4	581/0	570/0
Jan	577/4	586/0	582/0	577/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Dec	18.39	18.46	18.55	18.36
Jan	18.44	18.57	18.67	18.42
Mar	18.77	18.86	19.02	18.75
May	19.05	19.18	19.27	19.05
Jul	19.25	19.35	19.45	19.25
Aug	19.25	19.35	19.40	19.25
Sep	19.20	19.27	19.35	19.20
Oct	19.20	19.27	19.35	19.20
Dec	19.22	19.30	19.35	19.15

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Dec	210.7	213.7	214.0	210.0
Jan	201.6	206.2	206.2	200.7
Mar	191.7	197.2	198.0	191.5
May	184.0	189.7	191.0	184.0
Jul	180.2	186.7	187.5	180.0
Aug	180.0	186.0	186.0	180.0
Sep	179.2	185.0	185.0	179.0
Oct	175.2	179.0	179.0	175.2
Dec	175.3	178.5	179.5	175.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Dec	184/4	187/6	188/4	184/0
Mar	190/6	194/2	195/0	190/4
May	195/6	199/0	199/4	195/4
Jul	199/4	203/4	203/2	199/4
Sep	197/4	198/4	199/0	197/0
Dec	194/0	194/6	195/0	193/2
Mar	200/4	200/4	201/0	200/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Dec	309/0	310/0	312/0	307/4
Mar	316/6	318/0	319/4	316/0
May	314/2	316/6	317/0	314/0
Jul	304/2	305/6	306/0	303/4
Sep	307/0	306/2	309/0	307/0
Dec	312/0	316/0	316/0	312/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	63.17	62.77	63.50	62.67
Feb	59.45	59.72	60.55	59.12
Apr	61.92	62.30	62.60	61.50
Jun	62.07	62.65	63.10	62.00
Aug	60.27	60.75	61.10	60.05
Oct	59.72	60.00	60.55	59.50
Dec	61.50	61.75	62.00	61.47

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Dec	43.00	42.92	43.35	42.50
Feb	41.12	41.22	41.50	40.45
Apr	37.45	37.55	38.00	37.15
Jun	40.57	40.52	40.92	40.25
Jul	41.50	41.55	41.72	41.15
Aug	40.00	40.05	40.40	39.95
Oct	37.80	37.70	37.95	37.60
Dec	38.42	38.90	38.70	38.30

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	51.90	51.92	52.55	51.20
Mar	51.82	51.90	52.50	51.22
May	53.50	53.45	53.80	52.52
Jul	53.35	53.37	53.80	52.75

WORLD STOCK MARKETS

Wall Street

Stocks continue to post losses

WALL STREET stocks continued to show losses throughout the list with blue chips moderately lower. The market's failure to test October lows and the end of a short-lived blue chip rally left the market directionless, brokers said. More drifting was expected in the final session.

At midday the Dow Jones Industrial Average was down 14.59 at 1,761.94. Declines led advances by eleven-to-two.

Among rail issues, Santa Fe Southern Pacific was off $2¾ at $41⅜, Burlington Northern fell $1⅛ to $54¼ and Union Pacific slipped $⅜ to $48⅜.

Closing prices for North America were not available for this edition.

Canada

Led by tumbling gold issues, Toronto stock prices fell over a broad range as the market shadowed a decline on Wall Street.

The composite index dropped *43.60 to 2904.80 as declines* swamped advances by 525 to 142 on active volume of 15m shares.

Among golds, Lac Minerals dropped C$1 to C$12¼, International Corona slipped C$⅛ to C$57½ and Placer Dome moved down C$¾ to C$19.

In most actives, Lumonics fell C$½ to C$5 and Canadian Pacific declined C$¼ to C$18⅜.

Mines showed a broad decline. Noranda dropped C$⅜ to C$21⅛, Alcan Aluminium slipped C$¼ to *C$30⅜, Inco lost C$1⅛ to C$20¼* and Falconbridge fell C$⅜ to C$19½.

In energy issues, Shell Canada slipped C$⅛ to C$32¼, Texaco Canada was off C$⅜ at C$27⅛, Imperial Oil class A lost C$¼ to C$51½ and Gulf Canada Resources declined C$½ to C$13⅛.

In blue chips, Seagram dropped *C$¼ to C$65 and Bell Canada* Enterprises was unchanged at C$35½.

Australia

The national share market closed sharply down, with a late *flurry of sell orders sending* major indices down to their day's lows.

Trading was nervous amid concern over Wall Street's performance on Thursday, with entrepreneurial and gold stocks hardest hit.

By the close the All Ordinaries *index had fallen 40.4 points to its* lowest level of the session at 1,245.8, while the All Industrials index shed 55.4 points to 1,902.8. The gold index slid 86.0 to 2,120.9 and the All Resources 28.3 to 739.8.

Declines led advances by more than four to one as 112.77m *shares worth A$155.21m* were traded.

Entrepreneurial stocks were under constant selling pressure. Bell Resources closed 17 cents lower at A$1.45, its parent Bell group lost four to A$1.78 after touching A$1.70, FAI eased 20 to A$5.50 and Industrial Equity *ended 21 off at A$1.45. Elders* IXI shed five to A$3.30 in moderate volume.

Among industrials a sharply weaker Australian dollar fuelled selling among *interest rate-sensitive issues such* as banks, retailers, developers and transporters.

Tokyo

Share prices closed sharply lower in very thin trade due to Wall Street's decline on Thursday, a weakening dollar and bearish chart factors.

The Nikkei share price index lost 205.41 points, or 0.9 per *cent, to 22,602.75, just off its* low. In early trade it gained more than 100 points. Declines led advances three to one in turnover of 340m shares against 400m on Thursday.

Analysts said a "dead cross," when the market's six-day moving average dips below its 25-day moving average, had formed on brokers' charts.

*Securities house, communica*tions, rubber, some financial, bank, pharmaceutical, warehouse and fishery shares lost most.

Export-related manufacturing and electronics stocks fell. Nippon Telegraph and Telephone lost Y30,000 to Y2.44m.

Japan Airlines shares, 48.2m of *which are scheduled to be sold* between December 15 and 17, fell Y200 to Y16,300.

Hong Kong

Share prices ended sharply lower with the Hang Seng index *closing below the 2,000 level,* pressured by Wall Street's setback.

The Hang Seng index lost 63.21 points to 1,994.22 though it lagged by 84 points in the early afternoon. Turnover was HK$855.84m, up from HK$594m on Thursday.

Sentiment remained bearish amid uncertainties over Wall Street's direction and a weaker dollar.

There was plenty of liquidity with low local interest rates, but investors prefered to hold cash amid the uncertain world economic outlook.

Properties were sharply lower with Cheung Kong losing 35 cents to HK$5.75, Hk Land and Sun Hung Kai Properties 30 each to HK$6.35 and HK$7.65, New *World 20 to HK$6.35 and Hang* Lung 15 to HK$4.20 while Wharf was unchanged at HK$5.25.

Hk Bank topped the active list and lost 15 cents to HK$6.55. Hang Seng Bank was unchanged at HK$26.00.

Singapore

The stock market closed lower as another wave of selling pressure caused share prices to fall *over a broad front in fairly* active trading.

The official Straits Times index was not available, but the Overseas Union Bank's calculations showed the index closed 12.11 points lower at 734.61, bringing the total fall this week to 80.24 points.

Apart from a mild recovery at midday, prices fell for most of *the day on nervous selling by for*eign fund managers and small investors to cut their losses.

Bargain hunters were not coming in, in spite of the market's heavily oversold position. Plantation stock Batu Kawan led the losers with a S$1.42 fall to S$2.60 followed by Singapura Building *Society down 70 cents to S$1.40.*

Frankfurt

German shares closed sharply lower across the board in thin trading, with renewed dollar selling causing heavy losses in the export-oriented auto sector.

Daimler fell DM29.50 to end at DM699 and BMW closed DM15.50 lower at DM416 but was off lows of DM406. VW slumped DM16.50 *to DM222.50.*

The dollar's fall was seen as hurting West German car sales to the important U.S. market.

The Commerzbank index fell 61.5 to 1,296.7.

Deutsche Bank eased DM19 to DM393 and Dresdner Bank fell DM10.50 to DM226. Commerz*bank eased DM4.20 to DM218.80.*

News that engineering and agro-machinery group KHD planned to shed 6,000 jobs world-wide to cut costs was another blow to the market.

KHD fell DM4 to close at DM81 and Mannesmann lost DM5.30 to DM103.20. MAN eased DM0.10 to DM122.50.

Blue-chip Siemens dropped DM12.50 to DM368.50

Zurich

Swiss share prices closed sharply lower across the board as weak performances on Asian markets and on Wall Street dragged prices lower.

The market shrugged off Thursday's coordinated interest rate cuts by European central *banks as insufficient to prevent a* general economic slowdown.

Losses in share prices were seen in all sectors. Only few shares managed to hold Thursday's closing levels.

NEW YORK (3 pm)

[illegible]

CANADA (3 pm)

[illegible]

AUSTRIA

December 4	Sch %	+ or −
Creditanstalt	1,810	−40
Goesser	2,750	—
Interunfall	10,910	−30
Jungbunzlauer	6,550	−80
Laenderbank	363	+3
Perlmooser	625	—
Steyr-Daimler	118	—
Veitscher Mag	679	−15

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

GERMANY (continued)

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NETHERLANDS (continued)

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWEDEN (continued)

December 4	Kronor	+ or −
Stan Enskilda	116	−2
SKF	215	−5
St Kopparbergs	250	−8
Sv'ka Cellulosa	222	—
Sv'ka Handelsbn	81	−1.5
Swedish Match	83	+2
Volvo B (Free)	272	−2

SWITZERLAND

[illegible]

SOUTH AFRICA

[illegible]

JAPAN

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

SINGAPORE

[illegible]

INDICES

NEW YORK — DOW JONES

[illegible]

STANDARD AND POOR'S

[illegible]

TRADING ACTIVITY

[illegible]

CANADA — TORONTO

[illegible]

NEW YORK ACTIVE STOCKS

[illegible]

[illegible]

CURRENCIES & MONEY

FOREIGN EXCHANGES

Dollar remains nervous

THE DOLLAR finished above its lows, after a day of nervous and erratic trading. The recovery was helped by better than expected US unemployment data - a fall to 5.9 p.c. in November from 6.0 in October - and further intervention by central banks.

The Bundesbank was active in early trading while the Bank of England acted to stop any further rise in sterling. There was also speculation that the US Federal reserve had bought dollars but dealers were unable to confirm this.

Earlier in the day the US unit had started on a weaker note, which was really a hangover from Thursday's muted response to a coordinated cut in interest rates.

Finance ministers had been quick to highlight the reductions as another step towards helping to stabilise the dollar but dealers and analysts remained less impressed. They pointed out that unless there were positive steps by the US to prop up the dollar, then intervention by other central banks would ultimately have only a temporary and cosmetic value.

Traders were also beginning to dismiss the relevance of another G7 meeting, until positive economic measures were taken by the US to prevent a further dollar decline. With Thursday's cut leaving West German rates at record lows, it was suggested that European nations had done all they could for the time being and that markets were now looking towards the US to take some action.

Others suggested that for the foreseeable future the dollar was likely to take the strain because US authorities were more anxious about warding off a recession than a dollar decline.

Against this background the extent of the dollar's upturn yesterday proved to be limited. Dealers were now looking for further guidance from next Thursday's release of US trade figures for October, where estimates ranged between a deficit of $14bn to $16bn.

The dollar closed at DM1.6690 up from a low of DM1.6520 and Thursday's close of DM1.6595. It was unchanged against the yen at Y132.80 but rose against the Swiss franc to SFr1.3640 from SFr1.3585 and FFr5.6575 compared with FFr5.64. On Bank of England figures, the dollar's exchange rate index rose from 95.4 to 95.5.

Sterling closed below its best level after intervention by the Bank of England. It finished unchanged against the D-Mark at DM2.9975 but had been nudging the DM3.00 for most of the day. It was lower against the dollar at $1.7975 from $1.8065 and Y238.75 compared with Y240.0. Elsewhere it finished at SFr2.4525 from SFr2.4550 and FFr10.17 against FFr10.1875. Its exchange rate index fell to 75.8 from 75.9 at the opening and Thursday night's close.

D-MARK-Trading range against the dollar in 1987 is 1.9305 to 1.6400. November average 1.6809. Exchange rate index 151.0 against 146.9 six months ago.

Thursday's cut in interest rates failed to alter the predominantly bearish trend surrounding the dollar. It was only after intervention by the Bundesbank and encouraging figures on US unemployment that the dollar started to perk up. Earlier in the day the US unit had been fixed at DM1.6536 up from DM1.6465 and there had been no intervention by the Bundesbank at the fixing.

£ IN NEW YORK

Dec 4		Previous Close
£ Spot	1.8125-1.8135	1.8030-1.8040
1 month	0.11-0.09pm	0.12-0.10pm
3 months	0.38-0.34pm	0.42-0.36pm
12 months	1.35-1.25pm	1.25-1.15pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

POUND SPOT- FORWARD AGAINST THE POUND

Dec 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7930-1.8145	1.7970-1.7980	0.11-0.08cpm	0.63	0.38-0.33pm	0.79
Canada	2.3547-2.3659	2.3565-2.3575	0.02dis-0.08pm	0.25	0.16-0.29cdis	-0.38
Netherlands	2.36¼-2.37¼	3.36¼-3.37¼	1¼-1cpm	4.01	3¾-3pm	3.87
Belgium	62.36-62.85	62.60-62.70	11-8cpm	1.82	32-27pm	1.88
Denmark	11.53¼-11.59¼	11.56¼-11.57¼	1¼-1¾oredis	-1.23	3¼-5¼dis	-1.51
Ireland	1.1250-1.1290	1.1270-1.1280	0.07pm-Par	0.37	0.05pm-0.10dis	-0.27
W. Germany	2.99¼-3.00¼	2.99¼-3.00¼	1¼-1¼pfpm	5.25	3¾-3¼pm	4.92
Portugal	241.63-243.11	241.63-245.93	90-142cdis	-5.71	285-390dis	-5.54
Spain	202.76-203.66	203.18-203.66	75-95cdis	-5.01	207-367dis	-5.84

CURRENCY RATES

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

CURRENCY MOVEMENTS

EURO-CURRENCY INTEREST RATES

OTHER CURRENCIES

	£	$
Luxembourg	62.60-62.70	34.80-34.90
Malaysia	4.5065-4.5180	2.4960-2.4980
Mexico	4052.25-4144.60	2250.00-2300.00
N. Zealand	2.8270-2.8320	1.5625-1.5665
Saudi Ar.	6.7450-6.7510	3.7495-3.7505
Singapore	3.6510-3.6765	2.0300-2.0320
S. Af (Cm)	3.5640-3.5800	1.9725-1.9765
S. Af (Fn)	5.3910-5.5570	2.9850-3.0770
Taiwan	52.55-52.85	29.30-29.40
U.A.E.	6.6065-6.6125	3.6725-3.6735

*Selling rate

EXCHANGE CROSS RATES

Dec 4	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
F Fr.	0.983	1.767	2.947	234.8	10	2.412	3.316	2171	2.318	61.60
S Fr.	0.408	0.733	1.222	97.35	4.147	1	1.375	900.3	0.961	25.55
H FL.	0.297	0.533	0.889	70.79	3.016	0.727	1	654.7	0.699	18.58
Lira	0.453	0.814	1.358	108.1	4.607	1.111	1.527	1000	1.067	28.37
C $	0.424	0.763	1.272	101.3	4.313	1.041	1.431	936.6	1	26.58
B Fr.	1.596	2.869	4.785	381.1	16.23	3.915	5.383	3524	3.762	100

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

UK rates continue to fall

INTEREST RATES were marked down in London yesterday as dealers saw a growing possibility of another cut in base rates. Sterling was quite firm during the morning and it was only intervention by the Bank of England that left the pound below its best at the close.

Sterling's continued strength resulted in some analysts changing their mind about the path of UK interest rates. Longer term rates had suggested that the market was expecting a rise in inflation and no further cuts in base rates. However fears of renewed dollar weakness meant that many traders now saw a greater possibility that the floor on UK rates had not yet been reached.

Three-month interbank money fell to 8⅞-8¾ p.c. from 8¾-8⅝ p.c. Weekend money opened at 8¾-8½ p.c. and touched a low of 6½ p.c. before closing nearer 8 p.c.

UK clearing bank base lending rate 8½ per cent from December 4

The Bank forecast a shortage of around £1,000m with factors affecting the market including the repayment of late assistance and bills maturing in official hands together with a take up of Treasury bills draining £501m and a rise in the note circulation of £385m. In addition banks brought forward balances £125m below target. These were partly offset by Exchequer transactions which added £30m.

To help alleviate the shortage, the Bank offered an early round of assistance which totaled £734m and comprised outright purchases of £37m of local authority bills and £349m of eligible bank bills in band 1 at 8⅜ p.c. and in band 2, £5m of Treasury bills and £343m of eligible bank bills also at 8⅜ p.c.

Further assistance was provided during the morning of £226m by outright purchases of £23m of local authority bills and £68m of eligible bank bills in band 1 and £135m of eligible bank bills in band 2, all at 8⅜ p.c.

The forecast was revised to a shortage of around £1,050m and there was no help in the afternoon other than late assistance of £95m. Total help came to £1,055m.

The average rate of discount fell by 0.3970 p.c at yesterday's Treasury bill tender to 8.0872 p.c. The £100m of bills on offer attracted bids of £903m against £670m for a similar amount the week before, and all bills on offer were alloted.

The minimum accepted bid was £97.98 compared with £97.875 and bids at that level were met as to about 65 p.c. against 16 p.c. and above in full. Next week a further £100m of bills will be on offer, replacing maturities of £200m.

FT LONDON INTERBANK FIXING

(11.00 a.m. Dec.4) 3 months US dollars		6 months US Dollars	
bid 7⅞	offer 7⅞	bid 7⅞	offer 7⅞

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

		Treasury Bills and Bonds			
Prime rate		One month		Three year	
Broker loan rate		Two month		Four year	
Fed.funds		Three month		Five year	
Fed.funds at intervention		Six month		Seven year	
		One year		10-year	
		Two year		30-year	

December 5	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.00-3.15	3.45-3.60	3.40-3.60	3.40-3.60	3.45-3.65	4.50
Paris	9.0000	8.2500	8.9750	8.4375	8.6875	7.75
Zurich	1.00	3.6250	—	3.6250	—	—
Amsterdam	4.50	4.50	—	4.6250	—	—
Tokyo	3.65625	4.03125	—	3.90625	—	—
Milan	10.00	11.875	—	11.625	—	—
Brussels	6.00	6.6875	—	6.8125	—	—
Dublin	8.00	8.6250	8.75	8.8750	8.25	—

LONDON MONEY RATES

Dec.4	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	8.625	8.625	8.625	8.5625	8.625	8.875
Interbank Bid	6.50	8.375	8.4375	8.4375	8.50	8.75
Sterling CDs	-	-	8.50	8.50	8.5625	8.625
Local Authority Deps.	8.50	8.50	8.50	8.5625	8.5625	8.75
Local Authority Bonds	-	-	8.75	8.8125	8.8125	8.9375
Discount Mkt Deps.	8.50	8.375	8.375	8.125	8.00	-
Company Deposits	8.625	8.625	8.625	8.6875	8.75	8.875
Finance House Deposits	-	-	8.5625	8.5625	8.625	8.9375
Treasury Bills (Buy)	-	-	8.3125	8.125 -	-	-
Bank Bills (Buy)	-	-	8.6875	8.218750	8.218750	-
Fine Trade Bills (Buy)	-	-	9.00	8.875	8.875	-
Dollar CDs	-	-	8.00-7.95	7.75-7.70	7.75-7.70	8.00-7.95
SDR Linked Dep Offer	-	-	6.4375	6.375	6.375	6.625
SDR Linked Dep Bid	-	-	6.375	6.125	6.375	6.375
ECU Linked Dep Offer	-	-	6.8125	6.875	6.875	7.00
ECU Linked Dep Bid	-	-	6.6875	6.75	6.75	6.875

Treasury Bills (sell); one-month 8⅜ per cent; three months 8 per cent; Bank Bills (sell); one-month 8⅜ per cent; three months 8⅛ per cent; Treasury Bills; Average tender rate of discount 8.0877 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day NOVEMBER 30, 1987. Agreed rates for period DECEMBER 26, to JANUARY 25, 1988, Scheme I: 10.51 p.c., Schemes II & III: 10.25 p.c. Reference rate for period OCTOBER 1 31 to NOVEMBER 30, 1987, Scheme IV: 9.008 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 9.5 from DECEMBER 1, 1987: Bank Deposit Rates for sums at seven days notice 3-3.5 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7.5 per cent; one-three months 8.50 per cent; three-six months 8.50 per cent; six-nine months 8.50 per cent; nine-twelve months 8.50 per cent; Under £100,000 7.50 per cent from November 24. Deposits withdrawn for cash 5.00 per cent.

LONDON STOCK EXCHANGE

Gilts still weak but equities steadier

Account Dealing Dates

First Dealings	Option Declarations	Last Dealings	Account Day
Nov 23	Dec 3	Dec 4	Dec 14
Dec 7	Dec 17	Dec 18	Jan 4
Dec 21	Jan 7	Jan 8	Jan 18

*New time dealings may take place from 9.00 am two business days earlier.

THE UK SECURITIES markets moved erratically yesterday as the City sought to assess the outcome of this week's moves by the European countries to help the US dollar. Equities successfully recouped much of an early fall of 26 FT-SE points after the US currency had responded to hefty intervention from the Central Banks. But the appearance of a heavy seller of UK Government securities forced bond prices down sharply once again.

The equity rally came late in the session when the market was moving into the new trading account. Blue chip shares responded quickly to the weakening in the pound which followed confirmation that the Bundesbank had bought dollars. Gold shares turned easier in late dealings as the dollar firmed.

Equity trading remained thin, with the exception of a few special features, among which **BP** "new" stood out strongly as turnover of 157m shares suggested fresh buying from the Kuwait Investment Office.

The FT-SE 100 Index, having fallen to the 1562 area as London reacted to the overnight setback on Wall Street and the initial weakness of the dollar, closed at 1582.8, a net loss of only 5.6 points.

The index has fallen by 4 per cent over the past week as renewed weakness in the dollar has reflected doubts over the prospects for effecting cuts in the US budget deficit.

The setback in market indices has been less disturbing for the City than the persisting slump in market turnover, which prompted staff cutbacks at some major marketmakers, and cast gloom over the rest of the London securities industry.

The City remains unconvinced that the dollar's troubles have been solved, and is nervous ahead of the latest US trade figures, to be announced next week.

The international stocks were overborne for most of the day by the currency uncertainties, and small losses remained on record at the close against **ICI**, **Glaxo**, and **Fisons**. However, some major exporting stocks edged upwards in the closing minutes of the session - **Jaguar** closed marginally higher at 271p after recouping an early loss of 13.

Also firmer were the oil stocks, which moved up in the wake of the interest in BP "new", and brushed off worries over world crude prices.

The Government bond sector remained badly upset by the implications of the latest cut in UK base rates, which is regarded as having inflationary implications. Long-dated Gilts plunged by a further 1½ to 2 points - and even the short dates, which ought to benefit directly from base rate cuts, gave up another ¼ point or so.

Some bond analysts were even prepared to suggest that yet another cut in UK rates might be "forced" on the authorities soon.

A major factor in bond market weakness was the appearance of a major seller, who was believed to be unloading as much as £100m of stock. Inevitably, this raised fears that a marketmaker or a professional operator was under pressure.

Although the seller concentrated in the conventional Gilts, his presence hurt the Index-linked (IL) sector, which had risen strongly on Thursday. Early trading saw IL stocks down by ½ point. However, the sector rallied later, as the authorities allowed the 3.30pm deadline to pass without introducing a new tap stock, and by the close, gains of ¼ or so were on record.

BP continued to respond to a mixture of hard news and rumour over the latest surge of buying interest in the "new" shares where business yesterday expanded significantly to 157m shares from the 45m or shares traded on previous days in the week. The "new" were finally ½ up at 72½p after it was revealed that the Kuwait Investment Office had lifted its stake from 10.06 to 10.44 per cent, or 622.5m shares.

Prior to the announcement substantial amounts of BP "new" changed hands, including numerous blocks of 9m shares apiece. Dealers said it was probable that perhaps 60m shares represented "bed and breakfast" deals, but they were equally convinced that the KIO had moved in later in the day, via broker Kleinwort Grieveson to pick up further large parcels of BP "new". BP "old" performed well and rose 5 to 242p, with Japanese investment houses said to have been strong buyers as well.

Racal and **Plessey** were among active issues in a generally busy electricals and electronics market as a major "switch" out of Racal and into Plessey recommended by Chase Manhattan, the US securities house, left Racal a net 8½ lower at 212½p, after 203p; turnover topped 10m shares.

Plessey, additionally boosted by Press comment and recent news of moves to acquire GEC's semiconductor business, raced up to 142p prior to closing a net 8 firmer at 141p with turnover expanding to some 9.7m shares.

MK Electric shares were barely changed on the day at 661p but a turnover of 158,000 shares led to suspicions that Legrand, the French electrical fixtures manufacturer, might have returned to increase its stake from a previous level of around 8.5 per cent, before launching the expected bid of around 670p a share.

This week has seen a substantial amount of activity in MK shares after, first a dawn raid from Legrand carried out by agency broker James Capel and later, news of subsequently aborted bid discussions with West Germany's Siemens AG group. RTZ, already sitting on a 21.7 per cent stake in MK, is currently offering 550p cash a share for MK, valuing the group at around £207m.

Leading banks posted minor falls across the board with turnover again at relatively low levels. **Midland Bank** dipped 8 to 345p, while **Lloyds** and **NatWest** fell 5 apiece at 220p and 515p respectively.

Royal Bank of Scotland pushed up a further 10 to 313p still buoyed by the excellent preliminary results which showed pre-tax profits up 6.9 per cent to £197.3m.

Standard Chartered initially dropped sharply to around the 415p mark, despite publicity given to a buy circular from securities house Kleinwort Grieveson, but later rallied and closed unchanged on balance at 435p.

Legal and General, a recent favourite in the life assurance sector, ran back 13 to 239p. Composites included an outstanding performer in **Commercial Union** which spurted to 308p before closing a net 11 up at 307p following substantial buying interest from a single source.

Allied Restaurants, which runs Wimpey counter service restaurants, staged a successful debut in the Unlisted Securities Market; the shares opened at the placing price of 55p and edged forward, in spite of the surrounding dull conditions, to close at 58p.

The defensive strengths of the UK Brewers were pointed out again in a leading investment magazine, which particularly favoured Allied-Lyons. But potential buyers were deterred by the general mood of the market and the leading stocks all lost ground before staging a late rally. **Allied-Lyons** recovered from a lower morning level of 325p to close unchanged on the day at 333p but **Guinness** lost recent firmness as profit-taking developed and still ended 4 down at 262p. Mixed views from analysts on short-term prospects for **Bass** - all agreed that Thursday's annual figures were an impressive achievement - subdued interest in the shares, finally a shade harder at 781p. **Whitbread** "A" retreated 7 to 269p during a particularly light volume of business while turnover in **Scottish & Newcastle**, 2 off at 213p, was boosted by a large bed and breakfast deal involving 2.6m shares. Among Regional issues, **Buckley's** once again encountered selling pressure and shed 10 more to 155p.

Leading Buildings issues succumbed to light end-Account selling and losses were exacerbated by the absence of any worthwhile buying interest. However the late rally in the equity market eventually spread to the sector and prices closed a shade above the day's lowest levels. **Blue Circle** settled 4 cheaper at 295p, after 294p, while **Tarmac**, which attracted a reasonable turnover, finished 2 off at 192p, after 190p. Housebuilders, given a mild boost earlier in the week by news that VAT is not to be applied to new houses, wilted in the absence of further support, **Barratt Developments** slipping 3 to 160p. **Taylor Woodrow** drifted off to close 8 lower at 289p. Elsewhere **Wiggins Group** attracted a good two-way business and closed 3 higher at 124p.

ICI staged a late rally as pressure on the US dollar eased and the close was only 6 cheaper on balance at 967p, after 940p. Elsewhere in the Chemical sector **Anchor** rose 35 to 650p following the agreed cash offer of 638p per share from Air Products and Chemicals Inc; Anchor shareholders will also receive a special interim dividend of 5p when the bid is declared unconditional.

The averted postal strike prompted a modest rally in **GUS** "A" which picked up ⅛ to £10¼. **Marks and Spencer**, hit recently by media reports of flagging sales and news that Scrimgeour Vickers had cut their profits forecast for 1988/9 by £30m to £540m, slipped back to 156p early on but later rallied to close 6 firmer on balance at 166p.

Storehouse, boosted on Thursday by talk of an imminent cash alternative to the all-share bid from Benlox, dropped away to close 10 down at 246p after news that acceptances of the offer totalled only 1.55 per cent. But **Ratners** were strongly supported after a highly successful company presentation to Scottish institutions; the shares edged up 4 to 224p.

Business in the electrical sector continued at a high level with **British Telecom** the subject of a single bed and breakfast deal of 7.8m shares transacted at 200p a share. Turnover in Telecom topped 13m and the share price settled unchanged at 207p.

GEC drifted back to close 2 off at 155p, turnover here was over 4.2m shares, reflecting general caution in the stock after the recently announced interim results which led to numerous securities houses downgrading their profits forecasts for the full year.

BICC moved up 6 to 321p in response to acquisition news, but **Thorn EMI** due to report interim results next Thursday, dipped back 10 to 527p.

Ferranti were little changed at 76p with a turnover of over 2.6m shares bumped up by a single bed and breakfast deal of 1.2m shares.

Speculative interest was noticeably more reduced in Engineerings but many of stocks thought to be takeover targets held on to their recent gains. The week's prime contender, **Birmid Qualcast**, refused to part with any of the sharp advance of the past few sessions awaiting fresh moves from Blue Circle. The UK building group has recently bought shares, currently representing a stake of 9.3 per cent, and is deciding whether or to make a full-scale offer. Other secondary issues continued to benefit from trading statements. **Birmingham Mint** improved 3 further to 153p, **ML Holdings** hardened to 110p and **600 Group** edged forward to 78p. Leading issues, however, succumbed to the surrounding dullness and **Hawker Siddeley** closed 3 cheaper at 398p. Elsewhere, **Ratcliffe Industries** fell 10 to 98p and **William Cook** were marked down 10 to 90p.

Leading Foods closed a shade above the worst having been distinctly dull at the outset. **Cadbury Schweppes**, firm earlier in the week on hopes that General Cinema of the US may increase its stake, ran back 3 to 225p on currency worries and end-Account selling. **Rowntree**, also affected by sterling/dollar influences, lost 11 at 381p. Attention elsewhere was focused on major companies due to report figures next week. **S. & W. Berisford**, preliminary results due on Monday, eased 4 to 255p, but **Northern Foods**, half-timer expected next Wednesday, hardened 4 to 257p; the latter has been the subject of Hanson Trust bid rumours recently. Among Retailers, **Dee Corporation** shed 4 to 159p ahead of Tuesday's interim results. **Tesco** were a weak market and closed 4 lower at 153 after 149p.

Hotels followed the general trend, rallying from early depressed levels to close with minor losses on balance. **Trusthouse Forte** dipped to 183p prior to close 7 cheaper on balance at 186p.

Leading international stocks suffered a sharp mark-down initially reflecting Wall Street's overnight weakness and an ailing US dollar. However, prices perked up as the US currency improved late. **Glaxo**, down to 970p at one stage, picked up to close only 17½ lower on balance at 995p. But a tentative profits upgrading by County NatWest in the wake of the preliminary results failed to sustain **Hanson** which settled a penny cheaper at 122p. **Wellcome** made early progress following a broker's presentation, but closed only 7 cheaper at 380p as enthusiasm was later tempored by reports that Dupont's anti-Aids drug is showing potential, so increasing possible competition. **Norcros** were sharply lower and finally 24 down at 324p following reports of a badly handled selling order, while **Suter** dipped 19 to 131p following adverse TV publicity; the company has issued a writ against Channel 4 Television in the wake of the programme. **London International** attracted early support following favourable Press comment, but eased back to close only 4 dearer at 280p following reports that a director had resigned. **Johnson Matthey** firmed 7 to 235p in reply to favourable comment on the results, while **Neil and Spencer** attracted revived speculative buying and gained 7 to 18p in a restricted market.

The current despondency in **United Newspapers** continued as further small sales persuaded potential buyers to back away. The shares subsequently fell 13 more to a level of 375p which Luke Johnson, sector analyst at Kleinwort Grieveson Securities, considers an "absolute steal". He sees no reason to downgrade his profits forecast for the current year of £92m.

Business in the Property sector remained at a low ebb and prices suffered an initial mark-down in the wake of Wall Street's poor performance overnight. However the leaders staged a late rally, largely reflecting a mark-up for the New Account, and closed with only minor falls on balance.

Traded option activity tailed off. Overall, contracts came out at 20,613 with calls at 12,300 and puts at 8,313. **Hanson** were active in the wake of the results, registering 2,817 calls, 2,122 in the March 120's. The **FTSE** contract attracted 348 calls and 527 puts.

FINANCIAL TIMES STOCK INDICES

	Dec. 4	Dec. 3	Dec. 2	Dec. 1	Nov. 30	Year Ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs.	89.58	89.97	89.85	89.76	90.28	81.64	93.32 (8/5)	83.73 (19/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.60	96.85	96.39	96.38	96.84	88.49	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1262.7	1263.6	1266.9	1249.8	1250.9	1268.5	1926.2 (16/7)	1232.0 (9/11)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	329.4	337.0	341.3	338.3	352.0	326.3	497.5 (4/8)	261.6 (6/11)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div.Yield	4.93	4.91	4.89	4.96	4.95	4.49				
Earnings Yld. %(full)	12.21	12.15	12.10	12.27	12.23	10.52				
P/E Ratio (net)(*)	10.01	10.06	10.10	9.96	9.99	11.62				
SEAQ Bargains (5pm)	26,389	23,323	20,499	25,280	24,686	29,142				
Equity Turnover (£m)	-	875.86	1009.27	770.29	811.45	1346.71				
Equity Bargains	-	22,842	23,976	28,238	25,981	41,749				
Shares Traded (ml)	-	467.7	426.0	359.2	361.0	504.8				

S.E ACTIVITY

Indices	Dec.3	Dec.2
Gilt Edged Bargains	143.6	119.0
Equity Bargains	148.0	155.3
Equity Value	1770.3	2040.0
5-Day average		
Gilt Edged Bargains	124.3	116.5
Equity Bargains	154.4	150.3
Equity Value	1643.3	1606.0

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1248.8	1253.5	1253.3	1252.1	1249.3	1243.1	1242.1	1257.7

Day's High 1262.7 Day's low 1241.7

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974, * Nil=9.87.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

LONDON TRADED OPTIONS

December 4 Total Contracts 20,613 Calls 12,300 Puts 8,313

Traditional Options

● First dealings Nov 30
● Last dealings Dec 11
● Last declarations Mar 3
● For Settlement Mar 14

For rate indications see end of London Share Service

Attracting "calls" were **Arang Energy, AB Eng, Dares Estates, Armstrong Equipment, BP, Eagle Trst, Paul Michael Leisurewear, Dewey Warren, London Securities, Stormgard, N. Brit. Steel, John Williams, Cauldron, Berkeley and Hay Hill Investments, Argyll Group, Hawthorn Leslie.** No "puts" or "doubles" were reported.

NEW HIGHS AND LOWS FOR 1987

NEW LOWS (228).

AMERICANS (24) CANADIANS (5) BANKS (3) BREWERS (3) BUILDINGS (6) CHEMICALS (6) STORES (8) ELECTRICALS (17) ENGINEERING (6) FOODS (7) INDUSTRIALS (33) INSURANCE (7) LEISURE (6) MOTORS (2) NEWSPAPERS (2) PAPERS (3) PROPERTY (7) SHIPPING (1) TRUSTS (55) OILS (4) OVERSEAS TRADERS (3) MINES (6) THIRD MARKET (1).

DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings prices.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ◆ Bargains done the previous day. △ Bargain done with non-member or executed in overseas markets.

Corporation and County Stocks
No. of bargains included5

London County2½% Cons Stk 1920(or after) – £23 (27No87)
Greater London Council6¾% Stk 90/92 – £90¾
Bristol(City of)11¾% Red Stk 2008 – £107¾ (1De87)
Liverpool Corp3% Red Stk 1942(or after) – £28 (27No87)
Salford Corp5½% Red Stk 88/90 – £96 (2De87)

UK Public Boards
No. of bargains included4

Agricultural Mortgage Corp PLC6¾% Deb Stk 92/94 – £81 (1De87)
6¼% Deb Stk 85/90 – £91½ ‡ (27No87)
7¾% Deb Stk 91/93 – £88¾
10¾% Deb Stk 92/95 – £99
Port of London Authority3% Port of London A Stk 29/99 – £46
6½% Reg Stk 87/90 – £91¾ (1De87)

Foreign Stocks, Bonds, etc–(coupons payable in London)
No. of bargains included5

Greece,(Kingdom of)5% 1881(Assd with Acceptance Cert) – £37 (27No87)
4% Rentes 1889(Assd with Accept Cert) – £34 (27No87)
4% Rentes 1889 Stlg Fdg Bds of 1965 – £34 (27No87)
7% 1924 Stlg Fdg Bds 1965 – £38 (27No87)
Portugal(Republic of)Ext 3%(1st Ser)(Stamped) – £25 (30No87)
American Medical Int Inc11¾% Nts 1995(Br

National Westminster Bank PLC7% Cum Prf £1 – 65
7% Subord Uns Ln Stk 1993 – £99 (20e87)
12½% Subord Uns Ln Stk 2004 – £115 ¼
Royal Bank of Scotland Group PLC11% Cum Prf £1 – 110
Standard Chartered PLC12½% Subord Uns Ln Stk 2002/07 – £110½ 1½ ¾ ½ ¾
TSB Group PLCOrd 25p – 102 3 3 5 ¾ ½ ½ 7 7
Warburg (S.G.) Group PLC7½% Cum Prf £1 – 100

Breweries and Distilleries
No. of bargains included443

Allied–Lyons PLC5½% Cum Prf £1 – 51 (1De87)
7½% Cum Prf £1 – 70½ (30No87)
6¾% Red Deb Stk 84/89 – £94 ½
7¾% Red Deb Stk 88/93 – £90 (30No87)
11½% Deb Stk 2009 – £112½ (1De87)
7½% Uns Ln Stk 93/98 – £85
Bass PLC4% Cum Prf £1 – 38 (1De87)
7% Cum Prf £1 – 67 (30No87)
3¼% Deb Stk 87/92 – £81½ (30No87)
8¾% Deb Stk 87/92 – £94½
7¾% Uns Ln Stk 92/97 – £89¼◆
Bass Investments PLC7¾% Uns Ln Stk 92/97 – £84½ (1De87)
Boddington Group PLC9¾% Cnv Uns Ln Stk 2000/05 – £132
Buckley's Brewery PLC5½% Cum Prf £1 – 52
Bulmer(H.P.)Hldgs PLC8¾% 2nd Cum Prf £1 – 117½ (27No87)
Greenall Whitley PLC'A' Ord 5p – 110 (27No87)
8% Cum Prf £1 – 104 (30No87)
8¾% Ird Uns Ln Stk – £77½ 8½ (30No87)
Hardys & Hansons PLCOrd 25p – 675
Higsons Brewery PLC6½% Uns Ln Stk 2000/05 – £71
International Distillers & Vintners Ld 4¾% Deb Stk 2002/07 – £48

Essex Water Co3.5%(Fmly 5%)Prf Stk – £48 ½ (2De87)
9¾% Red Deb Stk 97/99 – £100 (1De87)
10% Deb Stk 92/94 – £92 (27No87)
Mid Kent Water Co3.5%(Fmly 5%)Cons Ord Stk – £140 (27No87)
3.5%(Fmly 5%)Max Ord Stk – £100 (27No87)
8% Red Deb Stk 92/94 – £89 ½ (27No87)
9¾% Red Deb Stk 97/99 – £100 (1De87)
Mid-Southern Water Co3.5%(Fmly 5%)Cons Ord Stk – £130 (1De87)
5% Perp Deb Stk – £36 (27No87)
8¾% Red Deb Stk 91/93 – £92¾ (2De87)
10% Red Deb Stk 95/98 – £95 (27No87)
Mid-Sussex Water Co10% Red Deb Stk 2013/17 (£50Pd-7/1/88) – £43½ 43¾ (27No87)
Newcastle & Gateshead Water Co3.5%(Fmly 5%)Cons Prf Stk – £47½ 8 (2De87)
North Surrey Water Co7% Ord Stk – £200 (27No87)
3.5%(Fmly 5%)Ord Stk – £200◆ 200◆
Rickmansworth Water Co2.8%(Fmly 4%)Cons Prf Stk – £40 (27No87)
7½% Red Deb Stk 91/93 – £88½ (2De87)
South Staffordshire Waterworks Co – £220
4.9%(Fmly 7%)Red Prf Stk 88/90 – £94◆
9¼% Red Deb Stk 98/2000 – £92½ 3 (2De87)
Sunderland & South Shields Water Co – £40
7½% Red Deb Stk 91/93 – £89½‡ (2De87)
Sutton District Water Co7%(Fmly 10%)Ord Stk – £230 (27No87)
Wrexham & East Denb Water Co3.5%(Fmly 5%)Cons Prf Stk – £46

USM Appendix
No. of bargains included692

AmBrit International PLC9% Cnv Uns Ln Stk 1998 – £87½ (2De87)
Avesco PLCCum Ptg Cnv Red Prf 1997 1p – 58 8 65
Banner Homes Group PLCOrd 10p – 72
Biomechanics International PLCOrd 5p – 20
8% Cnv Uns Ln Stk 1991 – £109 (30No87)
Chartsearch PLCOrd 1p – 25 ¼ ½‡ 6 ½ 7¼‡ ½ 8
Colorgen IncShs of Com Stk$0.01(Restricted Transfer) – 31 3 (1De87)
Company of Designers PLCOrd 5p – 103 (2De87)
Corporate Estates Properties PLCWarrants to sub for Ord – 30 (27No87)
Cramphorn PLCOrd 50p – 630 (1De87)
Fairway (London) PLCNew Ord 5p (Fp/LA–9/12/87) – 78 (30No87)
Gibbs Mew PLCOrd 25p – 200
Heavitree Brewery PLCOrd 25p – 700
"A" Lim Vtg Ord 25p – 655
Hornby Group PLCOrd 5p – 120 5
Johnson Fry PLCOrd 10p – 110 (30No87)
Marcol Group PLCOrd 5p – 55 65
Pathfinders Group PLCNew Ord 5p (Fp/LA–23/12/87) – 19 20
Randsworth Trust PLC7% Cum Cnv Red Prf £1 – 80 5
Rivlin PLC5.125% (Net) Cnv Cum Red Prf £1 – 62 ½ 5½ (2De87)
Ross Consumer Electronics PLCOrd 10p – 176 (2De87)
Shield Group PLC5.84% Net Cnv Cum Red Prf £1 – 70 80
Splash Products PLCOrd 10p – 80 5 90 (1De87)
Stanhope Properties PLCOrd 25p – 120¼ ¼ 5 5 6 8 9 30 3 5
Trevian Holdings PLCOrd 10p – £0.7 (27No87)
New Ord 10p (Fp/LA–8/1/88) – 67
Tubular Exhibition Group PLCOrd 5p – 19 21
URS International IncShs of Com Stk $0.01 – 51 7
WSP Holdings PLCOrd 5p – 60
Willaire Systems PLCFixed Rate Cnv Cum Red Prf 2p – 103 5 7
Yelverton Investments PLC8% Cnv Uns Ln Stk 1997 – £70

The Third Market Appendix
No. of bargains included74

Kemp (P.E.) Hldgs PLCOrd 5p – 37 (2De87)
Video Tape Recording PLCOrd 5p – 90

RULE 535 (4) (a)
Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

ACMEX Holdings 80◆ (30/11)
Acorn Securities 22,24 A$1.794
Alkane Exploration 7◆6
America Barrick Resources Corp Com NPV C$30 45◆30¼◆32.08◆ (1/12)
Amsterdam Rotterdam Bank FL57.6 (2/12)
Aust. Oil & Gas 28 (2/12)
Avions Marcel Dass-Berg-Aviat FFR801
Beverly Enterprises 57¼◆
Bligh Oil & Minerals 13¼ (30/11)
Brascan A £10½ $19½ (2/12)
C.S.F. (Thomson-C.S.F.) FFR740◆742.109◆747.03◆755◆725,735
Central Norseman Gold A$1.78◆1.7 (2/12)
Cheung Kong (Hldgs.) 43◆ (2/12)
Community Psychiatric Centers £12¼,16.8, £11.7,11.8 (1/12)
Conex Aust 3½ (30/11)
Conic Investment Co 3,5 (1/12)
Cons. Exploration A$1.57 (2/12)
Daicel Chemical Industries Y686.16
Development Bank of Singapore S$8½ (30/11)
Devex A$0.75 (27/11)
Du Pont $78¾ (2/12)
Eastcourt Ord 14 (2/12)
Eurocan Ventures 10
Fraser & Neave $3.46◆ (1/12)
Free State Cons Gold Mines $14½,14¾ R44.3,45,45¼ (2/12)
Golconda Minerals 21 (2/12)
Gold & Mineral Exploration 4◆4¼ (2/12)
Golden Valley Mines 21 (30/11)
Great Eastern Mines A$2.3 (1/12)
Greenbushes Tin 25 (30/11)
Groupe Bruxelles Lambert BFR2154.358◆2160◆
Hang Lung Development HK$4.35◆
Harland (John H) Co £10¼ (30/11)
Haw Par Bros Int (Hong Kong Reg) $1.35◆ (30/11)
Hk-tvb HK$10.05996 (30/11)
Holiday Corp £21◆
Hunter Resources 30 (27/11)
Interprovincial Pipe Line £16◆
Japan Radio Y1178 (2/12)
Jones Mining 70◆
Kulim Malaysia Ord 23◆
Kulim Malaysia Ord (Malay Ord) A$1.35 (2/12)
Loral Corp £16¾◆17¼◆ (1/12)
Matsushita Electric Industrial Y2075
Mitsubishi Heavy Inds Y610
National Electronics (Consolidated) 4◆5
Nationale-Nederlanden CVA FL46.46.4,46.45,46.85
New Town (N.T.) Properties HK$3¾ (30/11)
New Zealand Goldfields NZ$0.69
Nimini Mining A$7.1
Oil Search 44,46
Oilmet 13◆11
Overseas Chinese Banking Corp 182◆
Palabora Mining 580◆ (27/11)
Pan Australian Mining 138 (30/11)
Philips Kommunikations Industries DM587.45 (1/12)
Pioneer Electronic Corp. Y2530 (2/12)
Poseidon $2.9◆2.965◆ A$3.95,3.8,3.9
Royex Gold Mining C$7⅛◆7.97◆ (1/12)
Singapore Land S$3.722 (2/12)
Sky Line Explorn 375
Societe Nationale Elf Aquitaine FFR527
Southwest Gold Mines 6½
Stride Rite Corp $31¾◆ (1/12)
Tai Cheung Properties HK$3.08376 (30/11)
Target Petroleum Ord 15 (1/12)
Target Petroleum 23◆ (2/12)
Valiant Consolidated 24◆ (2/12)
Vereeniging Refractories 180◆ (1/12)
Wharf Hldgs HK$5.35
Zone Petroleum 6◆ (2/12)

RULE 535 (2)
Applications granted for specific bargains in securities not listed on any exchange

Adnams & Co. B £17.50
Barbican Hldgs 2½
Berryhurst 3,4,5
Channel Island Communications 450
Do. New 100
Conister Trust 118 (2/12)
Dawson 350
Douglas Gas Light 300 (1/12)
Gale 386,90 (30/11)
Greenstar Hotels 35,8 (30/11)
Jersey Gas 300
Johnston (F.) 12¾% Cum. Prf. 118,23 (2/12)
Konick Leisure 40,5,7
Le Riches Stores 390,400 (27/11)
Merrett Hldgs. 410
Mid Southern Water 5% Red. Deb. £35 (2/12)
Norton Villiers Triumph 6,7 (1/12)
Shepherd Neame 480 (2/12)
Southern Newspapers 285
Sutton Harbour Improvement 390 (30/11)
Thwaites 700,20 (2/12)
Wistech 67,70 (2/12)
Wolverhampton Racecourse 240 (30/11)

RULE 535 (3)
Dealings for approved companies engaged solely in mineral exploration

Kenmare Resources 26,7 (27/11)

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GOLD C	$ 480	77	25.50	9	40	–	–	$ 486.75
GOLD C	$ 520	33	10.80 A	17	22	22	28	$ 486.75
GOLD P	$ 460	46	7	–	–	–	–	$ 486.75
		Dec. 87		Mch. 88		Jun. 88		
SILVER P	$ 700	–	–	43	60 B	–	–	$ 679
SILVER P	$ 800	31	125 B	–	–	–	–	$ 679
		Dec. 87		Jan. 88		Feb. 88		
EOE Index C	Fl. 155	36	8	29	12	–	–	Fl. 158.53
EOE Index C	Fl. 160	100	5	51	9	3	13	Fl. 158.53
EOE Index C	Fl. 165	662	3.20 B	37	7.30	–	–	Fl. 158.53
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EOE Index C	Fl. 175	35	1.10	–	–	–	–	Fl. 158.53
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EOE Index C	Fl. 200	3	0.10	200	1	–	–	Fl. 158.53
EOE Index C	Fl. 205	–	–	100	0.60	–	–	Fl. 158.53
EOE Index P	Fl. 155	133	4.80	154	10.10	10	15.50	Fl. 158.53
EOE Index P	Fl. 160	315	7.30 A	116	12.50	–	–	Fl. 158.53
EOE Index P	Fl. 165	99	10.50	42	15.50	20	19	Fl. 158.53
EOE Index P	Fl. 170	54	12.50	15	17.50	4	22	Fl. 158.53
EOE Index P	Fl. 180	505	23	12	23.50	–	–	Fl. 158.53
EOE Index P	Fl. 200	30	44	25	41 B	–	–	Fl. 158.53
EOE Index P	Fl. 255	50	98	20	99	–	–	Fl. 158.53
EOE Index P	Fl. 275	60	118	–	–	–	–	Fl. 158.53
£/Fl P	Fl. 340	40	3.80	–	–	–	–	Fl. 336.86
$/Fl C	Fl. 185	52	3.30	16	3.70 B	–	–	Fl. 187.25
$/Fl C	Fl. 190	10	0.90	72	1.50	–	–	Fl. 187.25
$/Fl P	Fl. 175	–	–	25	0.40	–	–	Fl. 187.25
$/Fl P	Fl. 180	150	0.50	116	1.50	33	2.60	Fl. 187.25
$/Fl P	Fl. 185	96	1.60 B	605	3.60	749	4.50	Fl. 187.25
$/Fl P	Fl. 190	115	4.60	46	6	–	–	Fl. 187.25
$/Fl P	Fl. 200	1	14	–	–	500	16	Fl. 187.25
$/Fl P	Fl. 210	500	24	–	–	–	–	Fl. 187.25
		Jan. 88		Apr. 88		Jul. 88		
ABN C	Fl 46	173	0.30	122	1.10	–	–	Fl 38
ABN P	Fl 40	72	3.10	16	4	225	5	Fl 38
AHOLD C	Fl 70	52	1.80	–	–	20	4.50	Fl 60
AKZO C	Fl 140	198	0.30	–	–	–	–	Fl 84
AKZO P	Fl 90	186	9.20	71	12.50	16	17	Fl 84
AMEV C	Fl 60	–	–	–	–	84	1	Fl 33.20
AMEV P	Fl 35	52	4 A	3	4.80	–	–	Fl 33.20
AMRO C	Fl 60	26	1.50	18	2.70	–	–	Fl 56
ELSEVIER C	Fl 40	1132	1	96	3.20	–	–	Fl 36.20
GIST-BROC. C	Fl 30	14	0.80	55	2	7	2.80	Fl 25
HEINEKEN C	Fl 120	30	5.50 B	–	–	10	12.50	Fl 114.50
HEINEKEN P	Fl 100	37	3.80	3	5.40	–	–	Fl 114.50
HOOGOVENS C	Fl 25	3	2.80	50	4.50	–	–	Fl 25
HOOGOVENS P	Fl 45	2	21.50	62	21	2	21.50	Fl 25
KLM C	Fl 35	13	0.40	23	1.50	305	2.30	Fl 25.80
KLM P	Fl 25	18	1.50	15	2.70	40	3.90	Fl 25.80
NEDLLOYD C	Fl 140	31	1.80	–	–	–	–	Fl 107
NEDLLOYD P	Fl 110	29	10	11	15	–	–	Fl 107
NAT.NED. C	Fl 50	92	1.50	74	2.60	–	–	Fl 45.20
NAT.NED. P	Fl 45	86	2.30 A	6	3.70	–	–	Fl 45.20
PHILIPS C	Fl 30	132	1.20	230	2.20	5	3.30	Fl 27.30
PHILIPS P	Fl 30	199	4.30	14	5.50	36	6.30	Fl 27.30
ROYAL DUTCH C	Fl 190	1306	7	26	13.30	–	–	Fl 190
ROYAL DUTCH P	Fl 190	1776	6.90	179	11.90	14	16	Fl 190
ROBECO C	Fl 85	150	1.90	–	–	–	–	Fl 79
UNILEVER C	Fl 100	439	5.40	17	10	81	13	Fl 95.60
UNILEVER P	Fl 112	448	17.50	–	–	–	–	Fl 95.60

TOTAL VOLUME IN CONTRACTS : 32,507

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	8½	● Charterhouse Bank	8½	Nat Bk. of Kuwait	8½
Adam & Company	8½	Citibank NA	8½	NatWestminster	8½
Allied Arab Bk	9	City Merchants Bank	9	Northern Bank Ltd	9
Allied Dunbar & Co	8½	Clydesdale Bank	8½	Norwich Gen. Trust	8½
Allied Irish Bank	8½	Comm.Bk.N.East	9	PK Finans. Int(UK)	9
American Exp.Bk	8½	Consolidated Cred	9	Provincial Trust Ltd	10½
Amro Bank	8½	Co-operative Bank	*9	R. Raphael & Sons	8½
Henry Ansbacher	9	Cyprus Popular Bk	8½	Roxburghe G'rantee	10½
ANZ Banking Group	8½	Duncan Lawrie	8½	Royal Bk of Scotland	8½
Associates Cap Corp	10	Equat'l TstC'p plc	9	Royal Trust Bank	8½
Authority Bank	8½	Exeter Trust Ltd	9	Smith & Williams Secs.	8½
Banco de Bilbao	8½	Financial & Gen. Sec	9	Standard Chartered	8½
Bank Hapoalim	9	First Nat. Fin. Corp.	10	TSB	8½
Bank Leumi (UK)	9	First Nat. Sec. Ltd.	10	UDT Mortgage Exp	‡10.2
Bank Credit & Comm	9	● Robert Fleming & Co.	8½	United Bk of Kuwait	8½
Bank of Cyprus	9	Robert Fraser & Ptns.	9½	United Mizrahi Bank	8½
Bank of Ireland	9	Girobank	8½	Unity Trust Plc	9
Bank of India	9	Grindlays Bank	8½	Western Trust	8½
Bank of Scotland	8½	● Guinness Mahon	8½	Westpac Bank Corp.	9
Banque Belge Ltd	9	HFC Trust & Savings	8½	Whiteaway Laidlaw	9
Barclays Bank	8½	● Hambros Bank	8½	Yorkshire Bank	9
Benchmark Tst Ltd	9	Heritable & Gen Inv Bk	9		
Beneficial Trust Ltd	10	● Hill Samuel	§8½		
Berliner Bank AG	8½	C. Hoare & Co.	8½		
Brit Bk of Mid East	8½	Hongkong & Shangh	8½		
● Brown Shipley	9	Lloyds Bank	8½		
Business Mtge Tst	9	Meghraj & Sons Ltd	9		
CL Bank Nederland	8½	Midland Bank	8½		
Central Capital	8½	● Morgan Grenfell	8½		
Cayzer Ltd	8½	Mount Credit Cpn Ltd	9		

● Members of the Accepting Houses Committee. * 7 day deposits 4%. Savewise 6.66%. Top Tier-£2,500+ at 3 months' notice 8.31%. At call when £10,000+ remains deposited. ‡ Mortgage base rate. § Demand deposit 3.99%. Mortgage 10% - 10.25%

BANK RETURN

BANKING DEPARTMENT	Wednesday December 2, 1987	Increase (+) or decrease (-) for week
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	91,379,427	- 4,542,645
Bankers Deposits	1,115,828,553	+ 13,763,811
Reserve and other Accounts	1,860,292,588	- 7,834,307
	3,082,053,568	+ 1,386,859
ASSETS		
Government Securities	465,698,181	- 219,895,000
Advance and other Accounts	1,206,217,518	+ 336,099,074
Premises Equipment & other Secs	1,396,862,031	- 120,058,016
Notes	12,810,507	+ 5,191,853
Coin	465,331	+ 48,948
	3,082,053,568	+ 1,386,859

ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	13,597,189,493	+ 224,808,147
Notes in Banking Department	12,810,507	+ 5,191,853
	13,610,000,000	+ 230,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	8,160,370,205	- 287,308,751
Other Securities	5,438,614,695	+ 517,308,751
	13,610,000,000	+ 230,000,000

LEADERS AND LAGGARDS

Percentage changes since December 31 1986 based on Thursday December 3 1987.

Mining Finance	+ 24.82	Other Industrial Materials	- 3.91
Gold Mines Index	+ 13.01	All Share Index	- 4.24
Overseas Traders	+ 10.11	Industrial Group	- 4.47
Publishing & Printing	+ 7.95	Telephone Networks	- 4.69
Property	+ 6.73	Chemicals	- 5.77
Metals & Metal Forming	+ 5.22	Building Materials	- 6.22
Electricals	+ 3.94	Conglomerates	- 6.54
Health & Household Products	+ 3.71	Other Groups	- 6.57
Leisure	+ 2.58	Financial Group	- 6.64
Food Manufacturing	+ 2.45	Capital Goods	- 8.31
Food Retailing	+ 1.91	Packaging & Paper	- 9.53
Shipping & Transport	+ 1.18	Electronics	- 9.70
Contracting,Construction	+ 0.70	Stores	- 10.26
Oil & Gas	+ 0.06	Merchant Banks	- 10.83
Insurance(Composite)	- 0.21	Investment Trusts	- 13.04
Insurance(Life)	- 0.53	Banks	- 15.92
Consumer Group	- 1.12	Motors	- 18.28
Textiles	- 2.55	Mechanical Engineering	- 19.14
Brewers & Distillers	- 2.79	Agencies	- 21.00
500 Share Index	- 3.84	Insurance(Brokers)	- 33.20

RISES AND FALLS

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	1	105	9	305	219	51
Corporations, Dom. and Foreign Bonds	13	21	19	78	63	124
Industrials	165	797	595	1,344	3,319	3,126
Financial and Props	51	331	246	478	1,284	1,382
Oils	19	42	50	110	216	229
Plantations	1	0	13	4	8	58
Mines	20	94	84	251	337	402
Others	42	141	64	297	611	358
Totals	312	1,531	1,080	2,867	6,057	5,730

REGIONAL DEVELOPMENT

The Financial Times proposes to publish a Survey on the above on

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Scimitar Asset Management Ltd
8 Crosby Sq, London EC3A 6AQ

Scottish Equitable Fund Mgrs. Ltd(z)
28 St Andrews Sq, Edinburgh

Scottish Life Investments(z)
19 St Andrew Sq, Edinburgh

Scottish Mutual Investment Managers Ltd
109 St Vincent St, Glasgow G2 5HN

Trades Union Unit Trust Managers
100 Wood Street, London EC2 01-606 4355

Tyndall Unit Trust Managers Limited

UK Unit Trust Managers Ltd

Unit Trust Account & Mgmt. Ltd
20 Copthall Ave, London, EC2R 7PA

United Charities Unit Trusts (a)(c)(g)

Vanguard Trust Managers Ltd
65 Holborn Viaduct, London EC1A 2EU 01-236 3053

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941

Life Assurance Funds				
Wealth Assoc.	341.6	359.7	—	–
Eb'r Ph. Eq.	304.1	323.2	—	–
Pension Plan Funds				
Phoenix				
UK Equity Acc.	141.6	149.0	-1.7	–
International Acc.	111.4	117.2	-1.9	–
Property Acc.	120.2	126.5	+0.1	–
Fixed Interest Acc.	149.9	157.7	-1.4	–
Money Acc.	132.0	138.9	+0.7	–
Bldg. Soc. Unit Acc.	131.0	137.8	+0.1	–
Special Mnged. Acc.()	130.7	137.5	-1.5	–
Phoenix/Framlington				
Intnl. Growth Acc.	71.5	75.2	-0.4	–
Amer. & Gen. Acc.	65.5	68.9	-0.4	–
Capital Tst. Acc.	152.0	160.0	-0.8	–
Japan & Gen Acc	147.8	155.5	-1.4	–
American Turn. Acc.	65.8	69.2	-0.4	–
Recovery Tst. Acc.	136.2	143.3	-0.2	–
Special Mngd Acc.	122.5	128.9	-0.6	–
Phoenix/GT				
International Acc.	108.0	113.6	-0.7	–
US & General Acc.	77.0	81.0	-0.4	–
Amer Spec Sits Acc	52.0	54.7	-0.2	–
Japan & General Acc	146.1	153.7	-0.3	–
Far East & Gen. Acc.	122.4	128.8	-1.2	–
UK Capital Acc.	140.9	148.3	-1.0	–
European Acc	121.4	127.7	+0.2	–
Special Mngd. Acc.	108.8	114.5	-0.4	–

Pioneer Mutual Insurance Co Ltd
16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655

Managed Fund	245.3	258.3	—	–
Man Pens Inc & Cap Fds	308.5	324.8	—	–
Money Fund	110.2	116.0	—	–
Pens. Mngd Fd (Init)	74.1	78.0	—	–
Pens Mngd Fd (Acc)	82.1	86.5	—	–
Pens FT30 Fd (Init)	112.9	118.9	—	–
Pens FT30 Fd (Acc)	125.0	131.6	—	–
Pens O'seas MgFd(Init)	47.6	50.2	—	–
Pens O'seas MgFd(Acc)	52.8	55.6	—	–
Pens Fxd Int Fd (Init)	106.4	112.0	—	–
Pens Fxd Int Fd (Acc)	117.8	124.0	—	–
Pens Deposit Fd (Init)	100.3	105.6	—	–
Pens Deposit Fd (Acc)	111.1	117.0	—	–

Premium Life Assurance Co Ltd
Eastchester House, Haywards Heath 0444 458721

American	73.0	77.0	-2.0	–
[illegible]				

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 01-405 9222

Prufund				
Managed Dec 02	180.6	188.2	—	–

Prudential Holborn Life Ltd
Portland Hse, Stag Place, Ldn SW1E 5BH 01-630 1661

Managed Fd.	396.3	417.2	+2.7	–
Equity Fd.	784.7	826.0	+9.0	–
Intnl. Fd.	276.1	290.7	—	–
Fixed Int. Fd.	356.5	375.5	+0.7	–
Prop. Fd.	295.9	311.5	—	–
Cash Fd.	231.6	243.8	—	–
Pacific Basin Fd.	152.6	160.7	—	–
North American Fd.	105.9	111.5	—	–
European Fd.	132.7	139.7	—	–
Holborn Balanced Gwth Fd	–	–	—	–
Holborn Strategic Gwth Fd	–	–	—	–

Prudential Holborn Pensions Ltd
Portland Hse, Stag Place, Ldn SW1E 5BH 01-630 1661

Managed	421.7	443.9	-0.9	–
Equity	581.2	611.8	-2.2	–
Global Equity	171.8	180.9	-0.6	–
Fixed Interest	366.8	386.2	+0.8	–
Property	296.6	312.3	+0.1	–
Cash	135.4	142.6	—	–
Index Linked Gilt	166.0	174.8	+4.4	–
Guaranteed	9.25	10.25	—	–
International Money	182.2	191.8	+0.2	–
North American Fd.	50.2	52.9	—	–
Japanese Fund	98.19	103.3	—	–
European Fund	68.5	72.2	—	–
Special Situations Fd.	79.2	83.4	—	–
Communications Fund	68.4	72.0	—	–
Smaller Cos Fund	81.7	86.0	—	–

Prudential Pensions Limited
Holborn Bars, London EC1N 2NH 01-405 9222

Discretionary Nov 25	£110.71	113.99	—	–
Equity Fund Nov 25	£115.68	119.19	—	–
Intnl Fund Nov 25	£18.40	19.00	—	–
Intl Bond Fd Nov 25	£9.94	10.08	—	–
Fixed Int Nov 25	£65.40	66.27	—	–
Index Linked Nov 25	£48.79	49.40	—	–
Property Fund Nov 25	£72.57	77.24	—	–
[illegible]				

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1987 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
[illegible]	[illegible]	Treas 7¾pc 1985-88‡‡	[illegible]		7.78	8.45
[illegible]	[illegible]	Exch 10½pc '88	[illegible]	[illegible]	10.41	8.41
[illegible]	[illegible]	Treas 9¾pc Cv '88	[illegible]		9.69	8.42
[illegible]	[illegible]	Transport 3pc '78-88	[illegible]		3.07	6.92
[illegible]	[illegible]	Treas 9½pc '88	[illegible]	[illegible]	9.43	8.55
[illegible]	[illegible]	Treas 11½pc 1989	103	[illegible]	11.16	8.72
[illegible]	[illegible]	Treas 9½pc Cnv 1989	[illegible]	[illegible]	9.41	8.68
[illegible]	[illegible]	Treas 3pc 1989	[illegible]	[illegible]	3.13	6.13
[illegible]	[illegible]	Treas 10½pc 1989	[illegible]	[illegible]	10.24	8.66
[illegible]	[illegible]	Exch 10pc 1989	[illegible]	[illegible]	9.82	8.72
[illegible]	[illegible]	Exch 11pc 1989	[illegible]	[illegible]	10.61	8.73
[illegible]	[illegible]	Treas 5pc 1986-89	[illegible]		5.22	7.47
[illegible]	[illegible]	Exch 10¼pcCv '89	104	[illegible]	9.87	8.07
[illegible]	[illegible]	Treas 13pc 1990‡‡	[illegible]	[illegible]	12.07	8.85
[illegible]	[illegible]	Exch 11pc 1990‡‡	[illegible]	[illegible]	10.56	8.82
[illegible]	[illegible]	Exch 12½pc 1990	[illegible]	[illegible]	11.64	8.85
[illegible]	[illegible]	Treas 3pc 1990	[illegible]	[illegible]	3.27	6.69
[illegible]	[illegible]	Treas 8¼pc 1987-90‡‡	[illegible]	[illegible]	8.30	8.53
105	[illegible]	Treas 10pcCv 1990	[illegible]	[illegible]	9.72	8.83
[illegible]	[illegible]	Exch 2½pc 1990	[illegible]	[illegible]	2.79	6.40
[illegible]	[illegible]	Treas 11¾pc 1991	[illegible]	[illegible]	10.91	8.85
[illegible]	[illegible]	Funding 5¾pc '87-91‡‡	[illegible]		6.14	7.96
[illegible]	[illegible]	Treas 3pc 1991	[illegible]	[illegible]	3.39	6.77
[illegible]	[illegible]	Treas 10pc Cv '91 ‡‡	[illegible]	[illegible]	9.58	8.53
[illegible]	[illegible]	Exch 11pc 1991	[illegible]	[illegible]	10.30	8.88
99	[illegible]	Treas 8pc 1991	[illegible]	[illegible]	8.23	8.83
[illegible]	[illegible]	Treas 12¾pc 1992‡‡	[illegible]	[illegible]	11.32	8.99
[illegible]	[illegible]	Treas 10pc 1992	[illegible]	[illegible]	9.65	8.93
[illegible]	[illegible]	Treas 8pc 1992 ‡‡	[illegible]	[illegible]	8.25	8.82
[illegible]	[illegible]	Treas 10½pc Cv 1992‡‡	[illegible]	[illegible]	9.96	8.97
[illegible]	[illegible]	Treas 3pc 1992	[illegible]	[illegible]	3.74	8.05
[illegible]	[illegible]	Exch 12¼pc '92	[illegible]	[illegible]	10.94	9.05
[illegible]	[illegible]	Exch 13½pc 1992	[illegible]	[illegible]	11.57	9.10

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

Public Board and Ind.

Financial

BRITISH FUNDS — Contd

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS – Contd

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
43⅞	24¾	RJR Nabisco Inc.	24¼	–⅞	$1.60	–	3.7
39	21½	Rep NY Corpn $5	23		$1.16	–	2.9
18¾	8⅞	Rockwell Intl $1	9¾		66c	–	4.1
30¾	16¼	Sara Lee $1(1/3)	17½xd	–1⅛	$1.00	–	3.3
11¾	8⅞	Saul (B. F.) $1	8¾	+¼	20c	–	1.3
27½	2¼	Southwestern Bell $1	18¾	–⅛	h$2.32	–	7.1
22¼	994p	Staley Continental	11	–¼	80c	–	4.2
44¾	21⅜	Sun Co. Inc. $1	26	–1⅞	$3.00	–	6.6
42¼	22¼	TRW Inc. $0.625	22⅞xd	–1	h$1.60	–	4.2
37⅞	21⅞	Tenneco $5	22¼xd	–½	$3.04	–	7.9
220	149½	Do. 10pcLn.Stk. 91–5	155xd		10%	–	14.7
29¾	15⅞	Texaco $6.25	17⅞xd	–⅛	$3.00	–	9.8
74¼	37¼	Time Inc. $1	37¼xd	–2¼	$1.00	–	1.5
20¾	11	Tracor $0.33(1/3)	17⅛xd	+⅛	40c	–	1.3
30¾	15¾	Transamerica $1	16⅛xd	–⅛	$1.84	–	6.4
14⅞	1¼	Transworld Corp $5	572p	–41	20c	–	2.0
27¼	12¼	TRINOVA Corp.	14	–½	56c	–	2.9
24¼	12⅞	♥USX $1	15¼	–⅛	$1.20	–	4.5
19⅞	9⅞	Union Carbide $1	9⅞xd	–⅛	$1.50	–	8.7
37⅞	17¼	Utd. Technologies	17¼xd	–¼	$1.40	–	4.7
38⅞	26¼	US West‖	27	–¼	$3.28	–	7.0
30½	17⅞	Waste Management $1	18⅞	–½	–	–	–
31⅛	11¾	Whirlpool $1.0	12¼	–⅛	–	–	–
37⅞	16½	♥Woolworth $3½	16½	–1	$1.32	–	4.6

CANADIANS

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
691p	227p	ABM Gold Corp ‖	298p	–8	–	–	–
26½p	10p	♥Abbot Energy Corp	23½p	+½	–	–	–
18⅛	506p	♥Amer. Barrick Res	11¼	–¼	–	–	–
141p	6p	American Lightwave	6½p		–	–	–
122p	33p	♥Armeno	36½p	+2½	–	–	–
117p	39½p	Augmitto Expln	49½p	+½	–	–	–
19⅞	10⅝	Bk. Montreal ‖	11¼xd	+¼	$2.00	–	7.8
10½	488p	Bk. Nova Scot. ‖	501p	–7	72c	–	6.3
20⅝	15	BCE ‖	15	–¼	$2.40	–	7.0
10⅞	511p	♥Bow Valley‖	533p	–7	♦40c	–	3.3
20	10⅞	♥Brascan‖	10½	–⅛	88c	–	3.8
609p	197p	♥Breakwater Res	285p	+2	10c	–	1.5
12¾	411p	Campeau Corp ‖	669p	+20	–	–	–
11⅝	734p	Can.Imp.Bk. $2	823pxd	–16	$1.08	–	5.7
14	792p	Can. Pacific ‖	790p	–9	60c	–	3.3
42½	37½	Do. 4pc Deb £100	41½xd		4%	–	9.6
827p	332p	Central Capital "A" ‖	348p	+13	–	–	–
152p	28½p	Denbos Res	50½p	+4½	–	–	–
780p	432p	Derlan Inds	469p	+3	11.75c	–	2.1
18	756p	♥Echo Bay Mines	12½	–¾	20c	–	0.7
68p	26½p	Energex Minerals	30½p	–4	–	–	–
230p	66p	Euro–Asia Capital Ltd	86½p	–1½	–	–	–
821p	283p	♥Galactic Resources	337p	–49	–	–	–
69p	4½p	Global Data Systems	37½p	–2½	–	–	–
873p	260p	Granges Expln‖	396p	–13	–	–	–
19½p	7½p	♥Gt. Pacific Res	7½p		–	–	–
14½	575p	♥Gulf Canada‖	575p	–44	52c	–	4.0
14⅛	782p	♥Hawker Sid Can‖	846p	+5	96c	–	5.0
740p	338p	Henlys Group	359p	–13	–	–	–
14⅛	777p	♥Hudson's Bay ‖	791p	+5	60c	–	3.3
38⅞	21⅛	♥Imperial Oil‖	21⅞	–⅛	s$1.60	–	3.2
14¼	764p	Inco‖	902p	–52	US$0.20	–	1.3
230	14½	♥Intl. Corona Res	24½		–	–	–
785p	454p	♥Inland Nat. Gas $1	454p	–2	60c	–	5.8
10⅛	385p	♥Lacana Mining Corp ‖	607p	–6	Q15c	–	1.1
756p	129p	Madeleine Mines	253p	–14	–	–	–
2456p	102p	♥Muscocho Expln	162p	–6	–	–	–
11⅞	514p	♥Ntnl Business Syst.‖	538p	–7	–	–	–
623p	183p	♥Nevada Goldfields	211p	–20	–	–	–
251	696p	♥Rio Algom	749p	–16	$1.30	–	7.6
19⅛	11¼	Royal Bk. Can. ‖	11¾	–⅛	$2.08	–	8.0
403p	135p	♥Royex Gold Mining ‖	301p	+2	–	–	–
52¼	27⅞	Seagram‖	27⅞	–⅞	US$1.00	–	2.1
731p	235p	♥Sonora Gold Corp‖	337p	+7	–	–	–
208p	21½p	Spiral Eng	23½p	–2	–	–	–
15⅞	10	Toronto–Dom. Bk.‖	10⅝xd	–⅛	84c	–	3.4
228p	19p	♥Trans Atlantic Res ‖	30½p		–	–	–
10⅛	591p	♥Trans Can Pipe	591p	–28	$1.12	–	8.3
200p	135p	Varity Corp‖	127p	+1	B–	–	–

BANKS, HP & LEASING

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]								

Hire Purchase, Leasing, etc.

[illegible]								

BEERS, WINES & SPIRITS

[illegible]								

BUILDING, TIMBER, ROADS

[illegible]								

BUILDING, TIMBER, ROADS – Contd

[illegible]								

CHEMICALS, PLASTICS

[illegible]								

DRAPERY AND STORES

[illegible]								

DRAPERY AND STORES – Contd

[illegible]								

ELECTRICALS

[illegible]								

ENGINEERING

[illegible]								

ENGINEERING – Contd

[illegible]								

FOOD, GROCERIES, ETC

[illegible]								

HOTELS AND CATERERS

[illegible]								

INDUSTRIALS (Miscel.)

[illegible]								

INDUSTRIALS (Miscel.) – Contd

[illegible]								

INSURANCES

[illegible]								

LONDON SHARE SERVICE

INSURANCES – Contd

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING, ADVERTISING – Contd

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES – Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND – Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS – Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES – Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

[illegible]

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

[illegible]

IRISH

[illegible]

TRADITIONAL OPTIONS

3-month call rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report Page

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Rift widens on US arms policy

BY STEWART FLEMING, US EDITOR IN WASHINGTON

THE RIFT in the Republican Party over President Ronald Reagan's arms control policies widened yesterday after the President launched a savage attack on his right-wing critics.

In a television interview on Thursday night the President accused them of accepting "that war is inevitable" and said they were "ignorant" of the details of the arms control treaty he would sign next week at the Washington summit with Mr Mikhail Gorbachev, the Soviet leader.

Yesterday a group of anti-Soviet conservatives, led by Mr Richard Viguerie, a prominent fund raiser, and Mr Howard Phillips, chairman of the Conservative Caucus, poured scorn on the man who has been described as the most conservative post war American President. Mr Phillips said: "Ronald Reagan is going to be seen in the perspective of history as a tragic joke."

Mr Reagan's harsh remarks were being interpreted yesterday as a sign of his determination to fight for ratification of the intermediate range nuclear arms treaty in the Senate and an effort to weaken right-wing opposition to the accord.

They also suggest that the President is anxious not to allow conservative opposition to the INF treaty to be an obstacle to the ongoing arms talks with Moscow.

In a series of public statements and speeches in the past week, Mr Reagan has attempted to reassure his conserative critics that he will be a tough negotiator with Mr Gorbachev and will not make concessions on such issues as space defences, while at the same time backing the arms control accord he and the Soviet leader will sign.

Public opinion polls suggest there is strong support for the arms accord among Americans, although with differing degrees of intensity. Most people have only a superficial knowledge about what is contained in the agreement.

Mr Reagan had a series of extensive meetings yesterday with his arms control and national security advisers preparing for next week's meetings amid reports that some of his advisers are putting forward proposals which might make it easier to reach agreement on a strategic arms reduction deal with Moscow.

Mr Kenneth Adelman, director of the US Arms Control and Disarmament Agency, told reporters a limit of 3,300 warheads on land based missiles, which the Administration has proposed, was "not essential." It was unclear yesterday, however, whether Mr Reagan himself would take this view. Moreover arms control experts point out that the main obstacle to progress on strategic weapons, a compromise on strategic defences, remains.

Separately in an interview published yesterday in Izvestia, the Soviet daily, Mr Reagan said there had been important progress in US-Soviet relations, but that problems arising from mutual mistrust still existed.

Gorbachev proposes security talks with Mitterand, Page 2

German group to cut 6,000 jobs

By David Marsh in Bonn

SIX THOUSAND jobs are to be cut over the next year by Kloeckner-Humboldt-Deutz, the West German diesel engine and agricultural machinery group, because of shrinking demand.

The cuts, amounting to 23 per cent of KHD's international workforce, are the latest in a spate of job reductions in traditional West German industrial sectors, which are leading to growing trade union protests.

KHD, controlled by the Kloeckner and Henle families, has run into severe problems in the last two years because of the dollar's fall and over-optimistic expansion, mainly in the US.

The company said yesterday it would declare a loss for this year as a result of more than DM200m (£67m) in charges associated with the social costs of the job cuts. It declined to give details of operational losses for this year.

It also announced that Mr Bodo Liebe, its 67-year old chairman, who was responsible for the ill-fated expansion decisions, will step down at the end of the year.

He will be succeeded by Mr Kajo Neukirchen, 45, who joined the group this year after running the West German operations of SKF, the Swedish ball bearings concern. Three other members of the KHD board are leaving.

The plan envisages 4,500 job cuts at the parent company in West Germany, centred on KHD's Cologne headquarters where 2,300 jobs are to go. Office workers and production workers will be affected.

KHD announced its lay-off programme at the same time as West German steel workers stepped up demonstrations against further large redundancies on the Ruhr. Several thousand workers from the Krupp, Mannesmann and Thyssen steel concerns blocked traffic for hours in the steel town of Duisburg to protest against a plan announced 10 days ago to close Krupp's Rheinhausen plant. The plan threatens more than 5,000 jobs.

Other gloomy industrial news has hit West Germany in recent weeks:

- Porsche, the sports car manufactuer, has announced short-time working because of difficulties on the US market;
- Otto Wolff, the long-established family-owned engineering group, has run into problems over its PHB Weserhuette materials handling subsidiary which is seeking court protection from creditors.

KHD decided in the early 1980s to build up its traditional strengths in diesel engines, tractors and agricultural machinery, just as the world market was starting to face the challenges of large over-capacity.

A move in 1985 to buy the loss-making agricultural equipment group of Allis-Chalmers of the US turned sour as the rise in the Deutsche Mark stymied plans to use the US dealer network to sell German-built tractors.

KHD said yesterday that group turnover this year would fall to DM4.43bn from DM4.86bn last year, compared with DM5.72bn in 1984. Group sales next year are foreseen at DM4.23bn.

The company said it expected the cost savings would improve results next year and enable it to return to profit in 1989.

In recent weeks KHD has denied press reports that it was seeking a rescheduling of bank debts. It said yesterday it would be cutting back its financial assets and liquidity as part of a move to lower borrowing, but said it had sufficient capital funds to carry out the restructuring.

THE LEX COLUMN

Left in the lap of the Bank

Students of the BP debacle will have been struck yesterday by the profound silence enveloping the Bank of England. This was the authorities' first opportunity to announce the ending of the support scheme, but they were plainly not going to take it, with the basic value of the new shares — as indicated by the fully paid — at a miserable 23p. The mystery buyer meanwhile continued to squirrel away, with turnover in BP new accounting for over a quarter of the market's total on the day. If this is the Kuwait Investment Office again — already owners of 10.4 per cent — the time may come when a government concerned about foreign ownership of BCal will be forced to face up to questions about what it has done to Britain's biggest oil company.

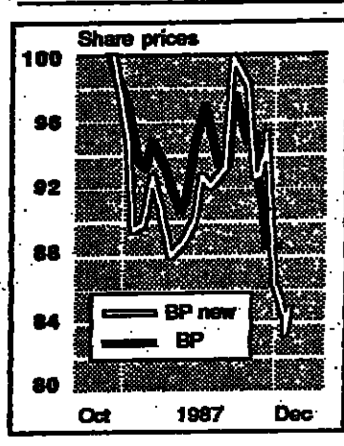
The position from now on is that on any working day the Bank may announce that the offer is to close five London business days later. Technically, the offer must lapse by January 6, since the shares thereafter will be in registered rather than allotment letter form. But there is nothing to stop the authorities then replacing the offer on different terms, and one imagines they would do just that if the alternative were to end up with the whole lot back in government hands; though, as wags are already suggesting, they could perhaps plug the hole in the PSBR by issuing gilts convertible into BP new.

What opportunity does all this offer private investors? None, if they have any sense. The new shares are still wrongly priced by over 20p relative to the old, however one values the extra yield or notional interest on the later instalments. Oil shares, BP included, are not at historic lows relative to the market, in terms either of p/e or yield, and those who want to gamble on a market rise can find shares with higher gearing. The way in which the new shares are pinned to the Bank's floor price was most graphically illustrated yesterday when, in spite of the massive volume of buying, some of the big market makers were bidding 70p for stock and not a penny more.

Markets

Rather oddly for a day on which the FT-SE100 index briefly touched its lowest levels since the crash, yesterday saw London market operators heading off for the weekend in better spirits than for quite a while. If

FT Index fell 0.9 to 1262.7



Thursday was disappointing with its non-response to interest rate cuts, Friday brought relief that equities had not fallen out of bed after the earlier drop on Wall Street.

In fact, yesterday's news from the US was not discouraging. The US unemployment figures seemed to confirm that the recession in America has yet to materialise, and gilts responded logically by falling back on corresponding worries over inflation. The dollar too was stronger against sterling, though this seems partly to have resulted from the UK authorities selling sterling for dollars to hold the pound down against the DMark, it having at one point touched the DM3 ceiling.

But the most fundamental reason for the chirpier tone in the market was probably seasonal. The institutions have been letting their liquidity build up again, and most of them operate on calendar year-ends. It is in the interests of institutions and market makers alike to engineer a rally by December 31. There is still no real confidence in the market, and anything substantial in the way of bad news would knock a rally on the head; what happens in the New Year, too, could be quite another matter. In the absence of external shocks, the market is obviously going to do its best to cheer itself up for Christmas.

French brokers

The decision by S.G. Warburg and now BZW to persevere with the acquisition of Parisian broking houses, in spite of the much slower business across European borders and in the French market itself, shows refreshing faith in the prospects for their industry. Paris remains attractive, in spite of the loss of the brokers' share-dealing monopoly in 1992, because price tags and running costs are low in relation to market potential. The theoretical advantages of a direct presence — a new client base, two-way business between the two markets, access to corporate finance clients, and better market intelligence — remain intact. Also, most UK-based brokers believe the French have failed to exploit their natural competitive advantages, especially in research, and the near-20 per cent turnover of French equities in London (pre-crash) suggests they may be right.

Nevertheless, there will be as many losers as winners among the British crossing the Channel. As many of the banks' corporate clients could remind them, the difficulties of negotiating cultural and linguistic barriers are considerable, and could prove even thornier than merging jobbers and brokers. Also, as London-based houses export capital to penetrate foreign markets, the jobs and some of the equity turnover are likely to follow. S.G.Warburg will be transferring its French analysts to Paris, which may not please everyone, especially those whose jobs they might threaten when they get there. UK clients, too, may find they do not receive the European service they are used to when the key personnel are a hundred-odd miles away.

Fimbra

The Office of Fair Trading's first official report on a self regulatory organisation's rule-book is less remarkable for what it says about the SRO in question — Fimbra — than for the shot across the bows of another one — Lautro, the life assurance and unit trust organisation. Sir Gordon Borrie hints that Lautro's commissions agreement, by which brokers will be let off having to disclose how much commission they pocket if they abide by the cartel scale, will come under close scrutiny. Such a challenge ought to be given more support than it has received in the past, even if it is at the expense of delaying the recognition of the SROs. After missing the boat of the Financial Services Act thanks to their traditional lethargy, the investment trusts have now succeeded in mobilising the support of a powerful ally.

Japanese economy shows 8% growth rate

By Carla Rapoport in Tokyo

JAPAN'S ECONOMY grew at an annual rate of 8.4 per cent in the third quarter of this year, the steepest increase in more than a decade.

The rise ensures that the Japanese Government's target of 3.5 per cent growth in gross national product for the current financial year will be exceeded, in spite of the zero growth recorded in the second quarter.

The third-quarter growth reflects both the resilience of Japanese industry in the face of the yen's sharp appreciation and the results of the Government's economic pump-priming measures taken earlier this year.

The robust state of Japan's economy is certain to fuel its opposition to further interest rate cuts after this week's cuts by European countries.

In reporting yesterday's GNP figures, the Economic Planning Agency said the country's output of goods and services grew by 2 per cent in the third quarter compared with the previous quarter, which translates into an annual rate of 8.4 per cent. The economy grew by 1.5 per cent in the first quarter.

While domestic factors, such as housing starts and consumer spending, were the prime reason for the growth, Japan's exports also rose in the period. The agency reported net exports up by nearly 13 per cent compared with the previous quarter.

Indeed, yesterday's trade figures for October show that the country is headed for another record trade surplus this year in spite of the steep appreciation of the yen against the dollar.

According to Ministry of Finance statistics released yesterday, Japan's current account surplus was $6.5bn (£3.61bn) in October, while the trade surplus was $7.8bn. Both these figures are lower than those for October last year, but on a cumulative basis for the first 10 months of this year, Japan's trade surplus is still growing.

Exports in October grew 6.6 per cent to $20bn compared with the previous October, according to the government figures.

The increase in exports was helped by overseas demand for Japanese goods such as computers and business machines.

- Japanese institutional investors are still avoiding the US treasury bill market, according to yesterday's figures on capital flows from Japan. The country's net purchases of foreign bonds totalled nearly $3bn in the month, up from about $2bn in September.

Thatcher factor enters liquor tax plan, Page 2; Tokyo to continue farm trade talks with US, Page 2

Kuwait increases stake in BP

BY RICHARD TOMKINS

ANOTHER SURGE of British Petroleum share buying yesterday is thought to have increased the Kuwaiti Government's stake in Britain's biggest company from 10 per cent to 11 per cent or more.

A trading volume of 157m was recorded in BP's newly-issued partly-paid shares, representing more than a quarter of all business done in first and second line stocks on the London market during the day.

The buyers could not be positively identified. However, early yesterday morning the Kuwait Investment Office — the London investment arm of the Kuwaiti Ministry of Finance — said it had increased its BP stake from 10.06 per cent to 10.44 per cent, and yesterday's buying is assumed to have come from the same source.

Some of the recorded volume represents double or multiple counting of the same shares in different transactions, so it seems unlikely that the KIO could have ended the day with a stake of more than 11½ per cent.

The KIO's activity has been made possible by the availability of large amounts of unwanted stock following the poor outcome of the British Government's sale of its BP stake a month ago.

Stock market analysts continue to accept the KIO's explanation that it is interested in long-term investment rather than in attempts to influence BP's refining and marketing capacity.

Mr Mike Unsworth, an analyst at Smith New Court, the stockbroking firm, said: "I still tend to the view that they are taking advantage of a unique opportunity to pick up a sizeable holding in a high-quality company without having a large effect on the share price."

The price of BP's partly-paid shares was barely affected by yesterday's buying and closed ½p up at 72½p. This is uncomfortably close to the 70p at which the Bank of England has undertaken to buy unwanted stock.

The first possible closing date for the bank's offer was to have been December 11, but yesterday passed without the Bank giving the required five working days' notice that this date would be chosen.

This was seen as implying that the Bank intends to hold out until a later date in the hope that the market will recover and make its offer unnecessary. So far, only a few thousand investors are believed to have held the Bank to its undertaking.

The last closing date for the offer is January 6, so an announcement will have to be made on or before December 31. The Bank, however, is not ruling out the possibility of renewing the offer for a longer period.

Stock market report, Page 14

Borrie criticises City rules

BY CLIVE WOLMAN

SIR GORDON BORRIE, Director General of Fair Trading, yesterday renewed his criticisms of the new City regulatory regime. He said it protected the interests of the life assurance and unit trust industry at the expense of small investors.

He also cited a management consultancy report he had commissioned. This concluded that the new regime would sharply cut the income of small-investment advisers and put many of them out of business.

Sir Gordon was commenting in the first of his official reports on the rulebook of a self-regulating organisation, under the Financial Services Act, submitted to Lord Young, Trade and Industry Secretary.

However, he reported that there were insufficient grounds at present to conclude that the rulebook of the Financial Intermediaries, Managers and Brokers Regulatory Association, would have a significant adverse effect on competition.

He therefore invites recognition of Fimbra as a self-regulatory organisation while proposing to review, in April 1989, a year after the new regime is due to take effect, the actual operation of the rulebook.

His report also suggests he is likely to register formal objections to some of the rules of other SROs, in particular to the proposed commissions cartel of the Life Assurance and Unit Trust Regulatory Organisation.

Such objections to the Lautro rulebook are likely to lead to a postponement, beyond the first half of next month, of the final date by which all investment firms have to apply for authorisation under the act.

The most contentious issue yet to be tackled by Sir Gordon is the imposition of the maximum life-insurance commissions agreement. This will remove the obligation on insurance brokers to disclose to investors how much commission they are being paid.

Sir Gordon said he had not yet finally decided whether the Lautro rules on this matter should be considered anti-competitive, although he mentioned reasons why they might be. If they were, he said this would have a knock-on effect on the Fimbra rules.

Sir Gordon commissioned an analysis from Arthur Young, the management consultancy.

This suggested the net income of a typical Fimbra member, a small one-to-three-person firm, could be cut by about 36 per cent in two years because of the regulatory changes.

He criticised the Fimbra rules' bias against investment trust savings schemes in favour of life insurance and unit trusts - which pay much higher commission to intermediaries.

Fimbra members can make unsolicited calls on potential investors but only to sell to them unit trusts, life insurance and some pension plans.

In addition, Fimbra members wishing to arrange purchases of investment trust shares by their clients will be subjected to higher Fimbra fees and financial resource requirements.

Dollar propped up Continued from Page 1

measures announced by West Germany this week, there were are no favourable developments left on the horizon — unless finance ministers from the Group of Seven leading industrial nations should unexpectedly convene and strike a painless deal to stabilise the dollar within the next few weeks.

Speculation about a G7 meeting persists in financial markets although there are no clear signs of one being convened. In Tokyo, Mr Kiichi Miyazawa, the Finance Minister, said yesterday the G7 should not meet until the US had passed legislation to reduce its budget deficit. He said he thought this was the view of the US authorities as well.

Mr Miyazawa said Japan had "nothing new to do" following the concerted round of interest rate cuts in Europe on Thursday. Separately, the Bank of Japan said it had no plans to cut the discount rate.

The risks of continued intervention in currency markets to support the dollar were underlined by Mr Karl Otto Poehl, the president of the Bundesbank, in a speech in Frankfurt yesterday.

"Central bank intervention in the currency markets, as useful and necessary as it can be from time to time, cannot be unlimited if creditor nations want to avoid grave consequences for their monetary policies," he said.

In London the dollar closed at DM1.6690 compared with DM1.6595 on Thursday and at an unchanged Y132.8.

The pound closed at $1.7975 compared with $1.8065 and at DM2.9975 unchanged

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES							
Anchor Chemical	650	+	35	Buckleys Brewery	155	−	10
Commercial Union	307	+	11	Mersey Dock Units	290	−	30
Marks & Spencer	166	+	6	Norcros	324	−	24
Plessey	141	+	8	Pilkington	185	−	6
Royal Bank of Scot.	313	+	10	Racal Elect.	212½	−	8½
Tipbook	275	+	20	Rothmans B	351	−	11
FALLS				Rowntree	381	−	11
Treas. 12½% 2003/05	£123⅝	−	1⅛	Smurfit (Jefferson)	280	−	20
Treas. 2% IL 1996	£129⅜	−	⅜	Storehouse	246	−	10
Atkins Bros.	242	−	11	Utd. Newspapers	375	−	13

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	16	61	Dallas †	F	5	41	Madeira	F	18	64	Prague	C	1	34
Algiers	F	21	70	Dublin	C	7	45	Madrid	R	11	52	Reykjavik	C	4	39
Amsterdam	S	1	34	Dubrovnik	S	12	54	Majorca	C	20	68	Rhodes	S	13	55
Athens	F	10	50	Edinburgh	C	6	43	Malaga	C	15	59	Rio de Janeiro		-	-
Bahrain	S	24	75	Faro	S	16	61	Malta	S	20	68	Rome	F	12	54
Barcelona	C	16	61	Florence	C	11	52	Manchester	C	5	41	Salzburg	Fg	-2	28
Belfast	F	6	43	Frankfurt	C	2	36	Melbourne	F	18	64	S'Francisco †	C	14	57
Belgrade	F	5	41	Geneva	C	3	37	Mexico City		-	-	Santiago		-	-
Berlin	C	-1	30	Gibraltar	R	16	61	Miami †	S	13	55	Seoul	S	1	34
Biarritz	F	18	64	Glasgow	F	4	39	Milan	F	6	43	Singapore	R	28	82
Birmingham	C	4	39	Guernsey	F	10	50	Montreal †	Sn	-1	30	Stockholm	C	2	36
Blackpool	C	6	43	Helsinki	C	2	36	Moscow	C	-1	30	Strasbourg	C	1	34
Bombay	S	32	90	Hong Kong	S	18	64	Munich	S	1	34	Sydney	S	20	68
Bordeaux	F	15	59	Innsbruck	S	4	39	Nairobi	C	19	66	Tangier	R	15	59
Boulogne		-	-	Inverness	Fg	0	32	Naples	F	15	59	Tel Aviv	C	19	66
Bristol	R	5	41	Isle of Man	C	7	45	Nassau		-	-	Tenerife	F	22	72
Brussels	S	4	39	Istanbul	F	6	43	Newcastle	C	6	43	Tokyo	F	10	50
Buenos Aires		-	-	Jersey	F	8	46	New Delhi	S	20	68	Toronto †	C	-1	30
Budapest	C	1	34	Johannesburg	T	18	64	New York †	R	5	41	Tunis	F	22	72
Cairo	F	20	68	Las Palmas	F	22	72	Nice	R	10	50	Valencia	C	15	59
Cape Town	S	24	75	Leeds	C	5	41	Nicosia	F	16	61	Venice	F	5	41
Cardiff	R	4	39	Lisbon	R	14	57	Oporto	F	13	55	Vienna	C	3	37
Chicago †	F	-5	23	Locarno	C	6	43	Oslo	C	-5	23	Warsaw	C	1	34
Cologne	F	2	36	London	S	6	43	Paris	F	5	41	Washington †	R	3	37
Copenhagen	C	2	36	Los Angeles †	C	13	55	Peking	S	2	36	Wellington	C	15	59
Corfu	S	16	61	Luxembourg	C	0	32	Perth	F	24	75	Zurich	S	1	34

C—Cloudy. Dr—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures

SAS fails to satisfy Continued from Page 1

possible shift in official UK attitudes to state ownership of British airlines' foreign partners. Ministers and politicians this week have unfavourably contrasted the 50 per cent indirect ownership of SAS by the governments of Sweden, Denmark and Norway with the independent status of BA after privatisation.

The Dutch Government last year reduced its shareholding in KLM from 54.9 per cent to 39.4 per cent, but it retained the right to increase the holding to a majority in the future.

It also appoints six of the 11 members of KLM's supervisory board. This panel normally takes no role in the airline's operations, although it did veto KLM's planned purchase of the Hilton International hotel chain late last year.

Mr Madron Seligman, MEP for the constituency which includes Gatwick Airport, BCal's base, yesterday told the CAA that Conservative members of the European Parliament strongly supported the SAS-BCal link in preference to a takeover by BA.

P&O 'to shed 800 seamen'

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

P&O EUROPEAN Ferries is seeking 800 redundancies among seamen based at Dover, the National Union of Seamen said last night. Up to 100 officers were also believed to be facing redundancy.

The union said it expected P&O to issue statutory notices shortly, giving 90 days notice to staff required to leave.

The company denied this, but confirmed that negotiations with local union leaders were under way and agreed that "several hundred" redundancies were required.

Privately, managers indicated that they were seeking around half the redundancies claimed by the NUS. P&O had previously said only that a "substantial" number of jobs would be lost.

Negotiations were started in the autumn by Sir Jeffrey Sterling, chairman of P&O, as part of the group's strategy to combat competition from the proposed Channel Tunnel. He and other directors had talks with Mr Sam McCluskie, general secretary of the seamen's union, and later travelled to Dover to meet local union officials.

P&O says that crew costs on the Channel have risen by up to 24 per cent since 1983, while average fares have remained static and freight charges have fallen by 2 per cent in real terms.

The company says its ferry operations can compete with the tunnel only if operating costs are substantially reduced and services rationalised. Initial talks have been held with Sealink UK, Dover Harbour Board, and Belgian, French and Dutch ferry operators on the possibility of forming a joint service.

Sir Jeffrey and Mr James Sherwood, chairman of Sealink, are preparing a submission to the Office of Fair Trading in which they will seek permission to discuss rationalisation, joint ticketing and combined management.

The NUS said it regarded the possibility of redundancies with "a mixture of bitterness and anger." The union said it recognised the ferries faced increasing competition, but the announcement of redundancies six years before the planned opening of the tunnel "stretches credulity."

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WEEKEND FT

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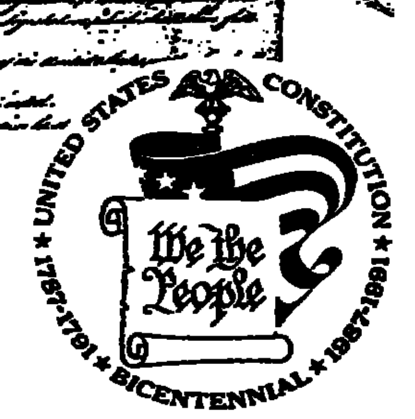
Sweet land of liberty



Americans still show more interest in their revolutionary history than the constitution. **Andrew Marshall** wonders why

"WE THE PEOPLE of the United States, in order to form a more perfect Union, establish Justice, insure Domestic Tranquility, provide for the common defence, promote the general Welfare, and secure the blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States of America."

WHEN CHIEF Justice Warren E Burger retired from the Supreme Court last year to head the Constitutional Bicentennial Commission, he must have heaved a deep sigh of relief. The court is a difficult institution to run at the best of times. Nine independently-minded legal brains must be focussed on the task of providing clear judgements on complex and controversial legal cases and the court is overworked: petitions arrive daily, some 5,000 a year.

Mr Burger also inherited from his predecessor, Chief Justice Warren, a court that was increasingly politicised. A series of controversial cases, beginning with the landmark Brown vs Board of Education had enlarged the court's role to include considerations of social justice. Conservatives talked about "the imperial judiciary." Arguments within the calm marble halls of the Supreme Court's Palace of Justice on Capitol Hill had become increasingly heated.

The prospect of running a Great American Celebration of the Constitution instead must have seemed alluring. As the Twentieth Century entered its last quarter, America was set for more than its fair share of commemorative events, each an opportunity for a wallow in history and a bout of self-congratultion. But as the former Chief Justice - all his staff still refer to him as the Chief - stares out of his office window on Jackson Place, he must wonder at the task he has set himself. Celebrating the Constitution is one thing: popularising it another. Neither has been as easy as he might have hoped. Few historical events can offer a more compelling scenario than the Constitution.

The castlist was impressive. Virtually every leading figure of revolutionary America was involved in one way or another, and many went on to head the Republic's newly minted institutions. And the plot has drama. By the time the Federal Convention met in May 1787, the Confederation found itself bankrupt, unable to support its armed forces, crippled in its conduct of foreign policy, without any coherent stance on foreign trade and facing incipient rebellion among its agricultural population. The task before the delegates was to refound the nation.

The script is impeccable. The Articles of Confederation, America's first attempt at a Constitution, had addressed itself to "All to whom these presents shall come." This was manifestly not the style for a new form of government: those who gathered at Philadeplhia chose to begin with a rhetorical flourish, but one that enshrined the central principles by which they stood.

The first three words of the US constitution overshadow the other 6,000. Amid all the idealistic sentiments of the preamble, none was so ambitious as the idea that sovereignty came from the people and that they alone could give a government the power to govern. Add to that the implications of the first person plural - unity, consensus, and direction - and you have a formidable beginning. Governor Morris, primarily reponsible for the finished document, was justifiably proud of it: "Having rejected redundant and equivocal terms, I believe it to be as clear as our language permits." In perhaps the most oft-quoted half-sentence ever written about the great document, Gladstone called it "...the most wonderful work ever struck off at a given time by the brain and purpose of man."

Celebrating the myth of a revolutionary break with the past, a unique "point in history" when Americans came together to found not just a new nation but a new political system was, it seemed, the easy part of Justice Burger's task. Full page newspaper advertisements taken out by the commission of the Bicentennial Commission, urged Americans to "take pride in your country, your flag and your Constitution...which insures *freedom and opportunity* for all." The logo - no Great American Celebration is complete without one - features those three little words ("we the people") emblazoned on a stylised scroll, mounted on a swirling flag.

These were also the sentiments which Citizenship Day, September 16, sought to stir. In a characteristically American alchemy, national TV and radio coverage brought the President, numerous luminaries, and 110,000 people gathered in the Mall in Washington to the great viewing public. "The opportunity to be part of something very special for a few minutes together as Americans," promised the special merchandising packs put together by Nabisco. Even then, events conspired against the myth. By the time Citizenship Day came around, the idea of togetherness and unity around the flag was rather frayed. After a year of fractious relations between the White House and Congress, President Reagan had nominated Judge Bork to the Supreme Court as a replacement for Judge Powell. In accordance with Article II, section 2 of the Constitution, he sought the Senate's advice and consent. This they gladly gave, in profusion, rejecting Judge Bork in no uncertain terms.

Liberals, fearing that Judge Bork would reverse thirty years of progressive constitutional interpretation, launched a vitriolic campaign against him. They combed his record to prove that he was a political radical who did not believe in the court's role under the Constitution. Allegations were made, many of them incorrect, some of them unfair, and demonstrators thronged the marble steps of the Supreme Court. Posters and banners sprang up proclaiming the need to "save the Supreme Court".

Judge Bork's supporters were as active, if less noisy or successful. The court had interpreted the Constitution to suit its own ends, they said, and now the judiciary must return to the text. It was the Constitution that must be saved, and from the Supreme Court. The Bicentennial Commission had hoped to educate Americans about their constitution, but not in quite such a practical way. School teach-ins, lectures and television commercials were planned, not demonstrations and violent personal attacks. The symbolism was unfortunate. In a year when consensus, celebration and affirmation of citizenship was supposed to be the order of the day, conflict and harsh words prevailed. If anyone learned anything from this year about the Constitution, they learned that there is confusion and disagreement about its meaning.

Broadly, Citizenship Day was a success. There was a good turn out in the Mall, and acres of coverage in the press. But neither the turnout - 110,000 - nor the excitement matched the celebrations that marked the centenary of the Statue of Liberty, and they were not a patch on the Bicentennial of 1976. But then everyone can tell you the date of Independence Day - the Fourth of July - and will know, and instinctively identify with, the spirit of 1776. Few will know in the same way when their national Constitution was established. The spirit of 1787 is a more complicated distillation.

The level of public education on the subject is not impressive, despite the Constitution's inclusion in every American's basic schooling. A survey of basic texts in 1984 entitled "Democracy at Risk: The rising tide of political illiteracy and ignorance of the Constitution" produced by the Center for Judicial Studies presented a picture of inadequate textbooks, sometimes containing errors, and little popular knowledge of the issues involved.

But it runs deeper than that. The document has never really entered the national consciousness. Whereas the meaning of the Declaration of Independence is simple, almost universal, that of the Constitution is more complicated and intellectually debatable. That uncertainty is encapsulated in the paradoxical relation of the people to the document which exists, firstly, at the political and theoretical level. Despite the myth, the American people did not write the document. They rarely participate in its functioning. And nobody - conservative or liberal - would want them to decide on its interpretation. As one conservative put it, rather mystically, "the people guard the constitution, and the constitution guards the people." But this double talk exists also at the cultural level. In "A Machine that goes by itself," Michael Kammen, a professor of history from Cornell, focusses for the first time on the people's perceptions of the Constitution. His main conclusion is that "for almost two centuries, it has been swathed in pride but obscured by indifference."

The physical document has certainly had a rough life. After its signature and ratification, it resided in a variety of closets and drawers in, among other places, the Washington Orphan Asylum. Between 1875 and 1921, it slumbered in a cellar in the State Department. The Bill of Rights, for its part, was kept in a cabinet with six Japanese swords and the sword of Dessalene, former Emperor of Haiti. Kammen comes up with one intriguing measure of the Constitution's place in American Society. There are 603 streets named Union; 321 named Liberty; 128 named Congress; even 83 named Eagle; but only 9 named Constitution. There is only one town or village named after the blessed instrument, but no less than 182 named Liberty.

Constitutional issues get a bad press. Newspapers prefer to focus on the White House and Congress. Television has found the topic tricky to present, with a few notable exceptions. Supreme Court Justices rarely discuss constitutional matters, even when retired. Publicising the issues - selling the Constitution as soap - is seen as vulgar and inappropriate. The Chief's precursors have not had a happy time. The first attempt to celebrate the golden jubilee in 1837, was ill-financed, badly organised and ultimately a fiasco.

Fifty years, later, with the first centennial, they tried again, this time precipitating bitter rows between Philadelphia and New York over where the celebration should be held. The former marked the date of the signature with historical pageants and educational speeches. New York responded a few months later with a monstrous binge - organised by the picturesquely named Mr Stuyvesant Fish - which culminated in a mini-riot and the arrival of the police.

The first time that anybody really got their act together was in 1937. Congressman Sol Bloom - an inveterate self publicist - understood two things: firstly that money was needed. Secondly that the media was not just a tool, but the neccesary prop beneath any celebration. An imaginative logo, naturally, and a flamboyant poster served him well. Bloom was also lucky - if that is the word - to celebrate the sesquicentennial in the year of a crisis. The year 1937 was the one that President Roosevelt chose to pack the court with his own nominees. The issue took off, interest followed, and suddenly the Constitution no longer seemed a dry piece of paper.

But, as Mr Bloom rapidly became aware, the arrival of politics was by no means an undiluted blessing. While it made America more aware - bought free publicity, effectively, as well as stimulating interest in constitutional issues - it made the whole process a great deal more complicated. Mr Bloom could not be seen to make partisan statements, and that meant avoiding any of the interesting issues. He was forced to disassociate himself publicly from FDR.

Both Bloom and Burger have found themselves walking a tightrope. Any proclamation, any event, any written publicity is scanned for ideological meaning by both right and left. Avoiding politics also means that the Commission has been forced to turn to the myth and try to leave reality to sort itself out. The result has often seemed bland. Conservatives have criticised the commission's lack of seriousness: "It's a national embarassment," said James McLellan, president of the Center for Judicial Studies. "Essay contests, silly parades and nonsense."

The publicity campaign - and the commercialism that the Commission has used to pay for it - has also been the subject of criticism. Citizenship Day was sponsored by Xerox and Nabisco; and the logo was syndicated out to various corporations. General Mills carried a plug on packets of their Cheerio breakfast cereal boxes and millions of McDonalds placemats carried the preamble to the people. Critics see it as tasteless. Bloom, too, found that his success in selling the sesquicentennial meant that he took a lot of flak. The Congress turned on him early in the proceedings, and one of his peers, Congressman Tobey of New Hampshire, claimed that "the Constitution has been used to cloak a racket." Bloom retorted angrily that "no celebration was ever held that did not sell souvenirs and coins and things of that kind which had been gotten out to commemorate it, and these are all things that were gotten out in England for the Coronation." Mr Tobey in response evoked a vision of the framers in "the Elysian Fields", and decried Bloom's commercialism: "My God ! Making a racket out of the Constitution !"

But then as the Chief has said, if not a racket, then what ? Putting the preamble on cereal boxes, he has said, "is not a waste of time for the kids that are eating breakfast food." If the debates over the next four years are to include popular participation, then people must be engaged. One thing is for certain: as the celebrations continue public interest will flag. Next year, there is a Presidential election, vastly overshadowing Citizenship Day, with hype that will make the Chief's efforts look positively eighteenth century by comparison. Pretty soon, another incumbent in the White House will be swearing allegiance to the sacred document. Debate on its meaning can return safely to the universities and the Palace of Justice.

The Long View

A speck appears on the horizon

There is a large amount of money about - nearly £182bn by one measure - Barry Riley looks at its impact on the rate of inflation

YOU MAY NOT think this is one of your personal problems, but there is an uncomfortably large amount of money about.

Figures published this week confirmed that there was £181.9bn of the stuff around in mid-October on the M3 definition of money (just one of six or seven versions that the UK authorities define these days). In a year M3 has gone up by 22 per cent, and in five years it has doubled.

The Treasury, which used to apply strict monetary growth targets, has subsequently abandoned them (except for M0, which presumably will be abandoned in turn if it should ever misbehave) and in terms of the impact on inflation it has so far been proved right.

Instead of double-digit monetary growth leading to double-digit inflation, annual price rises have stabilised for several years past in the 4 to 5 per cent band - arguably still too high, but consistent with the apparently unshakeable conviction of the British working man that he deserves to be paid 7½ per cent more every year.

Instead of the monetary growth showing up in accelerating prices of goods, it has served to finance rapid price increases in the asset markets, with house prices climbing at 20 per cent a year in the more favoured parts of the country, and share prices doing still better -if only until October.

This is on the face of it puzzling, because recent history has taught us a different lesson about excessive monetary growth. Between 1970 and 1973 the then key measure of money in Britain, known as sterling M3, accelerated in growth from 2 to 25 per cent. House and equity prices duly soared until equities cracked in 1973. But the story did not end there. By 1975 retail price inflation hit 25 per cent amid immense financial crisis.

What was different about the early 1970s? For one thing, rises in prices and earnings were being suppressed by statutory controls, which made inflation look worse when the dam inevitably burst. There are no such distortions today. For another, those were times of full employment, without the cushioning effect of today's near 3m pool of jobless.

Thirdly, budgetary policy was expansionary, and by 1975 had got seriously out of control as public sector wages soared and emergency tax concessions had to be granted to the corporate sector.

But the final crucial factor was the impact of the leap in the oil price in 1973, together with rises in other commodity prices. With monetary policy so lax there could be no internal resistance to this external shock.

Today the financial markets are reasonably relaxed about the outlook for inflation. Although the current figure is just above 4 per cent the December inflation rate will be aided by favourable mortgage rate movements (down this year, up in the same month of 1986). The current strength of sterling is now encouraging economists to edge down their 1987 inflation forecasts, which had been near 5 per cent, but are now closer to 4 per cent for the fourth quarter on average.

As for longer term expectations, it is possible to derive implied figures from the gilts market, where you can take your pick between an inflation-proofed return of 3¾ per cent on index-linked gilts and a flat 9½ per cent or so on a traditional fixed coupon bond.

According to County NatWest Gilts, the long-run inflation expectation was 5 per cent ahead of Black Monday, dropped to 4 per cent amid the crash-induced fears of recession, and has subsequently edged up again to 4½ per cent.

That figure could be seen as just a hedging of bets between the possibility that UK inflation could be brought down to a German-style 1 or 2 per cent or, alternatively, that the monetary risks could trigger a sharp rise.

It seems likely, however, that the past autumn will have seen the peaking of monetary expansion, at least partly connected with the bull market. Bank lending to finance securities firms and investors has fuelled some of the recent money growth, and this will be rapidly unwound. Meanwhile the firmness of sterling on the foreign exchanges is an indication of a tightening of money.

At the same time, the authorities have made it clear that they intend to offset any contractionary monetary effects arising from the crash. The conventional wisdom now is that the failure, especially in the US, to offset a shrinking money supply in 1929-31 turned a securities market crash into a global economic slump. But will the 60-year-old lesson be applied in the wrong circumstances?

It should be made clear that the situation does not look at all dangerous at this stage, but there is a huge overhang of money of 1974 proportions, in relation to the size of money GDP. Although much of this money is dormant (in the jargon, the velocity of circulation is low) it could in certain circumstances be activated. Already it has contributed to the destabilisation of the securities markets: in global terms the equity market has suffered exceptionally badly in the UK, mainly because it went up so extraordinarily fast in the first half of the year.

An oil price shock does not appear anywhere on the horizon, though the pressures in some other commodities, such as base metals, are greater than they have been for several years.

As for fiscal policy, that is altogether different to that pursued by the Heath Government, at least after its 1971 conversion to expansionism. But if we persist in financing the Americans' deficit for them, by buying surplus dollars, we shall be importing some of their inflationary risks.

Of course, the general view in the financial markets is that recession is now the big danger. That is certainly the preoccupation of the financial industry in the City of London, with stories appearing daily of job losses and pay cuts.

But suppose the Americans refuse to have the recession that the financial markets want them to have? After all, they have an election to fight, and excessive regard for the preoccupations of foreigners does not win votes in Middle America.

In early August Nigel Lawson shocked the London markets by pushing up bank base rates by a full point to 10 per cent, for supposedly strategic reasons. This week, contrarily, saw the third half-point fall since Black Monday.

Don't worry about inflation for now. But worry that you may be worrying about it later.

• CONTENTS •

"With markets moving so rapidly, how can I be sure that I can access the right markets at the right time?"

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Optimism drowns in a red, red sea

IF LONDON investors were hoping for a relatively calm – albeit cheerless – run-up to Christmas, their dwindling optimism was finally shattered six days ago.

Four days of Thanksgiving festivities last weekend did nothing to improve sentiment in or outside the US. The more the US *budget deficit cuts were* mauled over, the less convinced markets became that they were adequate. Worse, the successful passage of the package through the US Congress looked far from assured. And while uncertainty swirled, waning confidence in any early *Group of Seven initiative*, plus America's continued resistance to currency support, meant the dollar could only sink.

Sink it did. A week ago, sterling ran to a five-year high of $1.81 and, by Monday, it had added a further 1.6 cents. That took London in the opposite direction, with dealers' screens remaining a sea of red. Although the worst of the damage was done by lunchtime, there was only a minimal afternoon rally, and the FT-100 Share Index closed almost 72 points lower at 1,579.9.

That was more a reflection of sentiment than a response to heavy selling pressure and the number of trades was well below even the diminished, post-crash daily average. Nevertheless, it was a grim reminder that the horrors of Black Monday have not receded, and that no amount of political enthusing about Britain's economic strengths will divorce it from the US problem.

The rest of the week was largely devoted to repair activity – greeted with lack of enthusiasm by London dealers. Tuesday saw intervention on the foreign exchanges from central banks in Europe and Japan (though no apparent action from the Fed) while Germany announced a bundle of lower-interest rate/higher investment moves, designed to stimulate the economy. Footsie nudged lower.

Come Thursday, the action was even more substantial – a series of interest rates cuts by

London

the seven European nations, bringing Britain's base rates down to 8.5 per cent. Footsie lost another two points. In the cold light of Friday morning, the market's more considered response was no more charitable. On the one hand, the downward *push on the rates front rekindles* latent inflation niggles at home. On the other, there is little conviction that the US will necessarily be persuaded into a dollar support operation if it risks exacerbating any recession. Even the gilt market could not manage *any enthusiasm; on Thursday*, longs ended with net losses of ¼ or so, and shorts merely edged ahead, an unprecedented reaction to interest rate reductions. *The yield on high-coupon longs* by Thursday night was little changed from a week earlier, at 9.35 per cent.

The one plus point is that institutional liquidity, at least for the life and pension funds, should now start to improve. The BP damage is contained and the rights issue tail is finally out of the way. And as the seasonal dividend and gilt coupon cheques flow in the coffers should, hopefully, be replenished – though where the money goes next is another matter. Last week's best investment was ominous: by Thursday night, the London gold price was showing a $13 advance on its level a week earlier, at $490.25.

These days, even the healthiest profits performance is no guarantee of a bounding share price. *Hanson – now minus the "Trust"* – cruised in ahead of expectations with a 60 per cent pre-tax *profits advance to £741m in the* year to end-September, yet saw its shares gain just 1p to 123p. *The figures were not* quite as good as the pre-tax line suggested: there was the first full-year contribution from the SCM and Imperial Group acquisitions made in early-86, plus nine months from Kaiser Cement. In terms of fully-diluted earnings per share, the advance was *halved, but still* a heady 31 per cent.

Certainly, Hanson itself is staying bullish. But with over half the profits now coming from the US and a bag of interests ranging from recession-vulnerable to *ultra-defensive, the market's* enthusiasm is muted. Arguably, easy stockmarket pickings should suit Hanson's predatory style - but Hanson currently has the Kidde deal to chew over and the current climate cannot facilitate any prospective disposal programme. So, despite predictions of £820m next year, the shares seem becalmed on a PE of under 8.

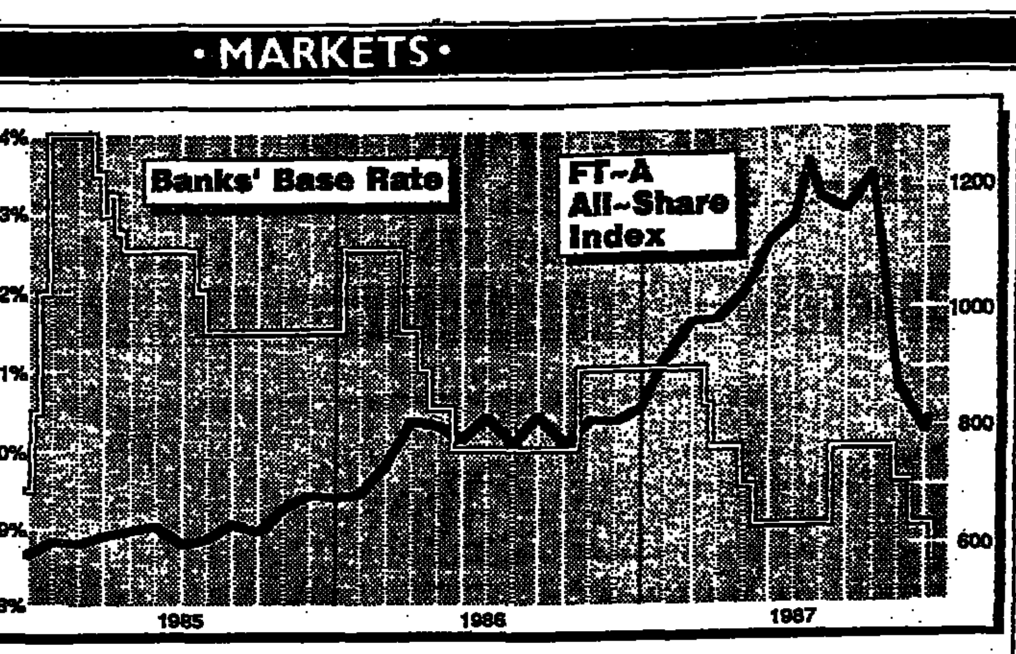
Elsewhere, among larger companies reporting, Trafalgar House appeared to generate a kinder response, at least from analysts. Its 12 per cent profits advance to £163.2m in 1986/7 was scarcely the cause; nor the small slip in earnings per share. Rather, the property, housebuilding and construction interests appear to be in robust form, and *shipping – minus the impact of* the QE2 refit – will have to improve this time. With a small net cash position, £50m-worth of investments and £100m reduction in capital spending this year, Trafalgar could be well-*placed to hit the acquisition* trail, boosting its strengths. It is just a shame these are not in the most recession-impervious industries.

As for GEC, where first half profits showed a disappointing three per cent advance to £284m, the best news appeared to be the 20 per cent interim dividend hike. In fairness, the pre-tax total bore the brunt of £11m costs connected to the loss of the Nimrod project, and a £6m dent for currency factors. But a cautious statement on trading prospects tended to overshadow potential benefits from the company's new-found, open-fisted approach to acquisitions.

On the bid scene itself, the trickle of returning activity thinned somewhat last week, *leaving the various European* comings and goings at the electrical accessories group, MK Electric, the main focus of attention. Two weeks ago, RTZ made the first unwelcome offer, only to find Limoges-based Legrand nosing in as a potential rival. Last week, German giant, Siemens, appeared on the scene, MK gave a welcoming nod – only to find the Germans scuttling home after discussions with their French rivals at Heathrow airport. The upshot is that Legrand *will bid – or so its terse* announcements suggest.

All this has been a mixed blessing for those shareholders *who wisely avoided the temptation* to cash in when RTZ and Legrand launched their various *market raids*. MK shares sped up 700p mid-week, before sliding back to 661p. That compares with 414p before the fun and games started, and is a 15 per cent premium to the previous share price peak. In the vast red sea, it seems, small islands of comfort may yet be found.

Nikki Tait



COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m**	Bidder
	Prices in in pence unless otherwise indicated				
Allebone & Son	120*	116	97	34.88	Charterhall
Bramall (C.D.)‡	646.66†	425	548	87.09	Avis Europe
Brit. Caledonian	721	-	-	147.00	Brit. Airways
Brown (M.)‡	636§	633	715	157.37	Scot & Newcastle
Elect. Rentals	85	75	55	246.78	Granada
Equity & Law‡	455.6	445	350	457.42	C'pagnie du Midi
ERIC	405*	380	300	14.00	TR Energy Res.
Eucalyptus Pulp	560§	565	425	104.27	Ibstock Johnsen
Hill Samuel‡	810*	800	684	777.00	TSB
Intl. Signal‡	137	135	219	233.94	Ferranti
Kingsley & Forest	46	48	51	13.83	Casket (S.)
M.K. Electric	550*§	661	550	206.49	RTZ
McLeod Russel	400	375	385††	47.69	Kennedy Smale
Ratcliffe Inds.	103	98	138	8.37	Utd. Spring
Samuelson‡	180†	110	137	38.97	Eagle Trust
Storehouse	231	248	349	927.60	Benlox
Tod	260*§	256	220	29.64	Beazer (C.H.)
Whouse& Rix‡	109.33†	86	91	13.08	J'son & Firth B

*All cash offer. †Cash alternative. Partial bid. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 4/12/87. ††At suspension. Shares and cash. ♠Releated to NAV to be determined. ♥Loan stock. ♣Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Anglia Secure	Sept	3,900	(1,200)	17.0	(1.7)	2.0	(-)
Bass	Sept	365,000	(300,760)	71.6	(57.1)	19.5	(17.0)
Berry Tst	Aug	1,980	(1,020)	4.7	(2.1)	4.0	(1.1)
Brewmaker	July	29	(68)	-	(-)	-	(-)
Circaprint	Aug	1,250	(627)	15.3	(7.9)	1.9	(1.2)
Hanson Tst	Sept	741,000	(464,000)	14.0	(10.7)	4.4	(3.2)
Hawthorn Leslie	Aug	2,370	(528)	1.4	(-)	0.2	(-)
Hay & Robertson	May	2 L	(11 L)	-	(0.1)	-	(-)
Kynoch G&G	Aug	234	(175)	24.7	(18.1)	4.5	(3.0)
Leeds Group	Sept	3,550	(2,370)	24.8	(16.4)	4.0	(4.0)
Lombard North	Sept	103,100	(78,360)	-	(-)	-	(-)
Maxiprint	May	68 L	(131 L)	-	(-)	-	(-)
Mecca	Sept	14,900	(2,980)	12.2	(9.1)	3.6	(-)
Moss Tst	Aug	221	(170)	-	(-)	-	(-)
Polly Peck	Aug	86,200	(67,235)	45.6	(42.2)	8.0	(5.6)
RHP	Oct	21,890	(17,670)	18.0	(15.8)	5.8	(4.9)
Ryl Bank Scot	Sept	197,200	(183,590)	45.0	(41.3)	12.7	(10.8)
Saatchi	Sept	124,100	(70,100)	45.9	(38.2)	14.5	(12.1)
Tate & Lyle	Sept	92,000	(80,130)	75.6	(57.3)	26.0	(23.0)
Trafalgar House	Sept	163,200	(145,800)	31.6	(32.7)	-	(-)
Tunstall Group	Sept	5,840	(4,590)	21.4	(16.3)	3.2	(2.5)
Utd Spr & Ste	Sept	1,680	(1,430)	6.5	(5.9)	2.4	(2.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Airsprung	Sept	1,060	(871)	3.2	(2.9)
Alexon	Sept	4,200	(2,800)	2.5	(2.0)
Allied Colloids	Oct	16,900	(12,750)	0.6	(0.5)
Allied Lyons	Sept	197,500	(131,540)	4.3	(3.9)
Alpine Soft Drinks	Sept	134 L	(211 L)	-	(-)
American Business	Sept	2,140	(353 L)	0.6	(-)
Anglo United	Sept	1,700	(2,500)	0.2	(-)
Argyll Group	Oct	75,400	(38,200)	-	(-)
Asprey	Sept	7,400	(6,300)	1.25	(1.2)
Atkins Brothers	Sept	575	(458)	3.0	(2.2)
Baker Harris Saun	Oct	1,050	(670)	-	(-)
Billingsgate City	Sept	646	(531 L)	-	(-)
Birmingham Mint	Sept	1,620	(936)	2.7	(2.5)
Bulgin A.F.	July	211	(180)	-	(-)
Burnett & Hallam	Sept	1,800L	(3,100L)	-	(-)
Calor Gas	Sept	17,500	(18,600)	5.5	(-)
Cape Industries	Sept	4,680	(2,340)	1.5	(0.5)
Caradon	Oct	9,000	(4,200)	2.5	(-)
Carless Capel	Sept	2,300	(573)	1.0	(1.0)
Castings	Sept	888	(603)	1.4	(1.0)
Chamberlin & Hill	Sept	548	(192)	2.0	(1.4)
Chemoxy Int'l	Sept	237	(150)	1.8	(-)
Coalite	Sept	17,510	(14,410)	2.5	(2.2)
Country & New Town	July	2,680 L	(1,260)	0.7	(0.7)
Dominion Int'l	Sept	3,170	(4,650)	2.5	(2.5)
Drummond Group	Sept	903	(722)	1.0	(0.8)
Fashion & General	Sept	304	(311)	10.0	(10.0)
Freshbake Foods	Sept	2,790	(2,210	0.8	(0.7)
Gibbon Lyons	Sept	384	(265)	1.5	(1.3)
Graham Motors	Sept	1,100	(892)	1.2	(-)
Hogg Robinson	Sept	2,820	(3,050)	-	(-)
Illingworth Morris	Sept	4,300	(3,225)	1.5	(1.2)
Irish Wire	Sept	563	(280)	-	(-)
Jarvis Porter	Aug	1,350	(955)	1.4	(1.3)
Johnson Matthey	Sept	30,500	(21,600)	2.5	(2.0)
Latham James	Sept	1,230	(1,030)	3.5	(3.0)
Leigh Interests	Sept	1,790	(855)	1.8	(1.4)
Logitek	Sept	892	(399)	0.9	(-)
London Securities	Sept	637	(511)	0.4	(0.3)
Merrydown Wine	Sept	673	(616)	1.0	(0.9)
Millward Brown	Sept	851	(708)	1.2	(1.2)
ML Holdings	Sept	1,680	(1,100)	0.6	(0.5)
Monks & Crane	Sept	1,010	(812)	1.2	(1.1)
Morris William	June	538 L	(194)	-	(-)
Mountview Estates	Sept	4,730	(3,240)	1.0	(1.0)
Norcros	Sept	24,600	(20,100)	4.0	(3.0)
Northern Securities	Sept	744	(117)	1.0	(0.7)
Office & Electronic	June	42 L	(1,100)	-	(3.0)
Prontaprint T	Oct	307	(80)	1.0	(1.0)
Ratcliffe Ind	Sept	216	(52 L)	-	(-)
Rowlinson Sec	Sept	641	(431)	0.22	(0.2)
Salvesen Christian	Sept	23,610	(21,550)	1.5	(1.4)
Scantronic	Sept	928	(527)	0.4	(0.3)
Scapa	Sept	16,290	(15,570)	2.3	(2.1)
Sheraton Sec	Sept	4,070	(1,730)	0.5	(0.4)
Siebe	Sept	50,700	(19,700)	2.7	(2.3)
600 Group	Oct	1,450	(568)	2.3	(2.3)
Toothill RW	Sept	120	(84)	3.6	(3.5)
Unilock	Oct	759	(1,100)	1.0	(1.0)
UPL Group	July	149	(137)	-	(-)
VSEL Consortium	Sept	7,900	(7,020)	3.0	(2.0)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss.

RIGHTS ISSUES

Mecca Leisure Group are to raise £29m via a two-for-seven rights issue at 140p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Nestor-BNA are to come to the stock market via a placing of 6.96m shares at 75p giving the group a market capitalisation of £26.4m.

Allied Restaurants are to join the USM via a placing of 3.45m shares at 55p.

Falcon Resources are set to *return* to the stock market in the New Year

Paragon Communications are to join the main market via placing of 1.36m at 80p.

Aiming to make a packet

LAST WEEK'S CHANGES

The following table shows the change in the FT 30-share index and its constituents over the past week. The FT-SE index is also shown.

	Price yesterday	change since 27.11	1987 High	1987 Low		Price yesterday	change since 27.11	1987 High	1987 Low
FT Ord Ind	1262.7	-45.5	1926.2	1232.0	Grand Met	381	-21	605	348
ASDA-MFI	156	-8	226½	142½	GKN	253	-19	434	235
Allied-Lyons	333	-1	471	290	Guinness	262	+4	389	227
BICC	321	+10	436	269	Hanson Trust	122	-7	195½	116
BOC	363	+11	559	300	Hawker Sidd	398	-28	630	377
BTR	258	-2	374	228	ICI	967	-46	£16½	963
Beecham	426	-12	589	368	Lucas Ind	469	-25	795	465
Blue Circle Inds	295	-24	579	289	Marks & S	166	-11	280½	160
Boots	207	-13	329½	208	NatWest Bank	515	-33	794	498
British Gas	122	-1½	200	106	P & O	480	-20	776	425
BP	242	-9	416	234	Plessey	141	+6	258	127
British Telecom	207	-7	337	207	Royal Insce	373	-10	595	345
Cad Schweppes	225	-4	291	119	Tate & Lyle	648	-52	944	560
Courtaulds	318	-7	535	302	Thorn EMI	527	-14	830	436
GEC	155	-14	251	155	Trusthouse	186	-12	286	171
Glaxo	995	-43	£18½	978	FT-SE 100	1582.8	-68.8	2443.4	1565.2

EVEN THE most mundane products can be exciting for the people who make them. Dolphin Packaging yesterday proudly announced that it had won its largest single order ever - for 55m cress punnets.

If placed on end, the press release eagerly announces, the punnets would stretch for 3,781 miles. They also represent 50 per cent of the total UK market in these containers.

Dolphin is the largest of the four packaging companies on the Unlisted Securities Market. It joined the second tier in September, capitalised at £20m, and its *share price* has held up relatively well despite the crash. The shares were trading yesterday at 95p, compared with the original 106p placing price.

In the year to May 31, Dolphin made pre-tax profits of £1.53m

Junior Markets

but the company is now working flat out to meet orders, and the interim figures, due out on February 2, are expected to show a substantial improvement.

Companies like Dolphin may be doing well now, but how will the packaging sector cope in a recession? "Between two-thirds and three-quarters of packaging is used to wrap food, drink, tobacco, cosmetic, toiletry and household products" says Sonia Falaschi, an analyst at Chase Manhattan Securities. So it could be argued that since sales of such *products tend to hold up* whatever the economic conditions, packaging companies should survive even the harshest crash.

Dolphin, which sells around 80 per cent of its turnover to the food industry, should be well-placed if that argument holds *good. But the position is not* quite so simple. In the 1979-81 recession, packaging company profits were hammered.

That was because the bulk production techniques used by packaging companies mean that many have a high operational gearing. They need a large turnover to cover their fixed costs. Thus a small drop in demand for food, perhaps for luxury items, could have a minimal impact on food retailers or manufacturers but a major impact on the packaging industry.

There are further factors militating against small packaging companies like Dolphin. Trends in eating have been towards pre-packed recipe dishes which can be cooked in microwave ovens. Packaging for such products, explains Chase's Sonia Falaschi, "tends to be complex, multi-layered and requires considerable technical expertise in its manufacture."

The onus on packaging companies is thus to keep in the technolgical forefront - which can require research and development expenditure beyond the pockets of small companies. "In some ways Dolphin is a one-product company," says Falaschi. "The bulk of its sales are in formed PVC."

A further threat to packaging companies is increasing raw *material prices, which can be* difficult to pass on to customers at the competitive "commodity" end of the market. Here Dolphin has an advantage in that it produces its own PVC and Styrene sheeting and is thus able to reduce the impact of increased costs.

One USM company that has already felt the effect of the price rises is Gaynor Group, the Manchester-based carrier bags manufacturer, which supplies bags to such High Street names as Marks and Spencer and Sainsbury. The steep price rises in polypropylene and polyethylene resins limited last year's earnings growth to 7 per cent and the shares are currently only half their 1987 peak.

Wentworth International, the USM polythene film and bag maker which was formerly called R H Morley, is also likely to produce unexciting results this year because of higher raw material costs.

The fourth USM packaging company, Thorpac, built up its business *in the 1970s selling* packaging to the booming home freezer market. It joined the market in 1981 capitalised at around £1.5m but profits then turned down sharply because of costs of expanding its fresh cream gateaux business, Montpelier Frozen Foods, and the costs of *developing a range of cookware* for microwave ovens.

Montpelier was closed and further developments in microwave cookware required a £528,000 rights issue in February 1986. But the corner now seems to have turned - pre-tax profits jumped from £73,000 to £237,000 in 1986 and £412,000 in 1987. Ironically, the original freezer bag business, concentrated in a mature market, is now a drag on the growth being achieved by the microwave cookware.

Meanwhile, the USM is set to say goodbye to Swindon Private Hospital, one of the few successful start-ups the second tier has seen. Swindon is facing a £2.8m bid from Health Care Services, the USM group which manages the hospital and which already has a 28.9 per cent stake.

Swindon was also one of the original companies to raise money under the Business Start-Up Scheme, the precursor of the Business Expansion Scheme. At 201p per share, the offer is twice the original costs of *BSS investment. And the effective* gains for investors could be considerably larger as the five year qualifying period for tax relief has now elapsed.

Philip Coggan

Pilkington is put in focus

AT THE start of this year **PILKINGTON**, the glass manufacturer, caught City analysts badly wrong-footed. On the receiving end of a hostile and abortive bid from BTR, it produced a profits forecast way ahead of expectations and, in the event, comfortably topped it with full year pre-tax profits of £256m.

The difficulties of forecasting its results will be underlined again on Thursday, when Mr Antony Pilkington, the chairman, produces the interim figures. Some City analysts are going for £120m to £125m pre-tax, against £86.9m, but others have pitched their forecasts as low as £108m. Whatever the outcome, Pilkington has had a good first half, benefitting from strong demand in the UK and Europe which has helped the industry impose further price increases.

Interim results from **THORN EMI**, due on Thursday, are expected to show pre-tax profits of about £64m, up from £41.5m in last year's first half. The

Results Due

group restructuring and rationalisation will have boosted the first half, although the problem of selling Inmos still remains. The forecast assumes a £5m loss for Inmos in the six months and includes RAC for one month only. Thorn's rental and retail business continues to dominate the profit-contributing divisions. It is an excellent cash flow business and continues to grow.

GRANADA'S results on Wednesday will be watched for clues as to its progress in selling rather than renting televisions and videos. Rental business is declining as customers prefer to buy, but Granada's rental business is a good source of regular cash. Granada is clearly determined to win market share, but it may be at cost to margins. The TV contracting business should show strong advertising revenue and higher overseas programme sales. Leisure interests are also expected to have performed well. Granada should report pre tax profits for the year to September 30 of £110m and earnings per share of 24.4p.

Faced with a takeover bid launched one day after its financial year ended, **S&W BERISFORD** was unable to come up with a profit estimate before its suitor walked away through the post-crash rubble. On Monday, more - if not all - will be revealed. The City expects £85m pre-tax, but would not be surprised by a figure £5m either way. This compares with £70.1m in 1985-86, excluding profit on the sale of a stake in Ranks Hovis MacDougall. British Sugar, Berisford's beet-refining subsidiary, which dominates the UK sugar market, gave an encouraging signal with a 26 per cent increase to £72.1m pre-tax.

NORTHERN FOODS' shares have fallen by only about 20 per cent since Black Monday but their outperformance of the market has more to do with the food sector's defensive qualities than the company's performance so *far this year. Interim* pre-tax profits, due on Wednesday, are expected to fall from £37.1m to about £33.5m.

Hindsight shows that the sale of the remaining US meat interests was well timed but interest from the cash received is *unlikely to compensate for loss* of trading profits. In the UK, Northern has suffered from severe price competition in the yoghurt and cream markets.

If there is any suspense in waiting for interim results of **DEE CORPORATION**, the food retailing group, it is just how bad they are going to be. The company has signalled clearly that the costs of a store conversion and development of the group will hurt at least in the short run, and analysts have marked down their pre-tax profits forecasts to around £62m. This compares with £78m last year.

Dee is in the midst of a transition, with the refurbishment of its Fine Fare stores in mid-stream. It is completely reorganising its product line with new own-brand labels, but this is costly and will take time to pay off.

Perceptions of **DOWTY** have changed since Mr Tony Thatcher took over as chief executive last year and introduced a new management style. The market is hoping that the results for the half-year to September will produce further evidence that the reappraisal is justified.

Low capital spending by the **COAL BOARD** will not have helped the mining division, but elsewhere the performance should be good and the pre-tax figure seems likely to come out at around £26m-£27m against £23.4m last time.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 27%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	2.50	2.52	1.88	1.37	monthly	1	-	0-7
High interest cheque	4.80	4.91	3.62	2.63	monthly	1	1,000-4,999	0
High interest cheque	5.20	5.33	3.92	2.85	monthly	1	5,000-9,999	0
High interest cheque	5.50	5.64	4.14	3.01	monthly	1	10,000-49,999	0
High interest cheque	6.00	6.17	4.52	3.29	monthly	1	50,000 minimum	0
BUILDING SOCIETY†								
Ordinary share	4.00	4.04	3.04	2.21	half-yearly	1	1-250,000	0
High interest access	5.75	5.75	4.33	3.15	yearly	1	500 minimum	0
High interest access	6.00	6.00	4.52	3.29	yearly	1	2,000 minimum	0
High interest access	6.50	6.50	4.90	3.56	yearly	1	5,000 minimum	0
High interest access	6.75	6.75	5.09	3.70	yearly	1	10,000 minimum	0
90-day	6.75	6.86	5.17	3.76	half yearly	1	500-9,999	90
90-day	7.00	7.12	5.36	3.90	half yearly	1	10,000-24,999	90
90-day	7.25	7.38	5.56	4.04	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	10.00	7.30	5.50	4.00	yearly	2	5-100,000	30
Income bonds	10.50	8.04	6.06	4.41	monthly	2	2,000-100,000	90
Deposit bond	10.50	7.67	5.78	4.20	yearly	2	100-100,000	90
33rd issue♦	7.00	7.00	7.00	7.00	not applica	3	25-1,000	8
Yearly plan	7.00	7.00	7.00	7.00	not applica	3	20-200/month	14
General extension	6.51	6.51	6.51	6.51	not applic.	3	-	8
MONEY MARKET ACCOUNTS								
Schroder Wagg	6.21	6.39	4.81	3.50	monthly	1	2,500 minimum	0
Provincial Trust	6.77	6.98	5.26	3.83	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
5pc Treasury 1986-89	7.49	6.10	5.17	4.40	half yearly	4	-	0
8pc Treasury 1992	8.80	6.60	5.14	3.92	half yearly	4	-	0
10.25pc Exchequer 1995	9.35	6.67	4.88	3.38	half yearly	4	-	0
3pc Treasury 1990	6.72	5.87	5.30	4.83	half yearly	4	-	0
3pc Treasury 1992	6.86	5.97	5.38	4.88	half yearly	4	-	0
Index-linked 2pc¶	7.07	6.53	6.16	5.86	half yearly	2/4	-	0

*Lloyds Bank. †Halifax 90-day; immediate access for balances over £5,000. ♦ Special facility for extra £5,000 §Source: Phillips and Drew. ¶Assumes 4.5 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Albion	Wednesday	0.8	1.9	0.8
Assoc Paper Ind	Friday	-	7.0	-
Avon Rubber	Wednesday	2.5	4.0	3.0
Baggeridge Brick	Wednesday	0.5	1.2	0.7
Berisford S&W	Monday	3.5	8.5	4.0
Bradstock Group	Thursday	1.1	2.6	1.4
Burns Anderson	Tuesday	1.3	1.7	1.5
Carlton Comm	Monday	1.3	2.7	1.7
Carr's Milling Industries	Wednesday	1.7	4.7	1.7
Crystalate	Friday	1.8	3.2	2.1
Daily Mail & Gen Tst	Monday	16.0	44.0	21.0
Dobson Park	Monday	1.9	3.3	1.9
Doctus	Monday	-	0.2	-
Flexello Castors & Wheels	Thursday	2.6	1.3	2.8
Granada Group	Wednesday	3.0	6.5	3.5
Hardy's & Hanson's	Friday	5.6	13.1	6.2
Holmes & Marchant	Wednesday	1.2	1.9	1.7
Hoskyns Group	Wednesday	-	-	0.6
Irish Distillers	Thursday	2.0	5.6	2.0
Lovell Y.J.	Wednesday	1.5	5.7	-
McCarthy & Stone	Tuesday	0.8	2.5	0.9
Melville St Invest	Thursday	-	0.1	-
Pennine Resources	Tuesday	-	-	-
Redfearn	Tuesday	1.5	4.5	3.0
Smith & Nephew	Wednesday	0.8	2.0	1.4
Stakis	Wednesday	0.4	0.9	0.5
United Scientific	Wednesday	2.2	3.8	2.4
VPI Group	Monday	0.5	1.0	0.7
Westland	Thursday	-	-	1.2
Wheway	Thursday	2.5	3.0	-
Wolverhampton & Dudley	Monday	1.8	3.2	1.8
Yorkshire TV	Friday	-	4.0	3.0
INTERIM DIVIDENDS				
Alexander (Walter)	Wednesday	-	7.0	-
Arlen	Monday	0.5	1.5	-
Assoc Brit Engineering	Thursday	-	-	-
Avesco	Monday	-	0.5	-
Beaverco	Monday	1.7	3.3	-
Berkeley Group	Monday	0.8	1.8	-
Bogod-Pelepah	Wednesday	0.05	0.2	-
Booth Industries	Thursday	1.0	2.0	-
Braithwaite Group	Tuesday	-	-	-
Bristol Evening Post	Friday	2.2	4.5	-
Brit Build & Eng Appliances	Thursday	0.7	1.0	-
BTP	Wednesday	2.0	3.5	-
Bulmer H.P.	Wednesday	2.2	3.0	-
Chapman Industries	Tuesday	2.4	6.8	-
Charter Consolidated	Wednesday	4.0	9.0	-
Coated Electrodes	Wednesday	1.2	2.6	-
Continuous Stationery	Wednesday	0.5	1.5	-
Cranswick Mill	Monday	1.8	3.7	-
Creighton Laboratories	Monday	1.2	2.5	-
Dee Corporation	Tuesday	8.0	5.0	-
Dowty Group	Thursday	2.8	5.8	-
Evans of Leeds	Thursday	-	4.0	-
Fine Art Developments	Wednesday	1.5	4.0	-
Gold Greenlees Trott	Monday	1.2	2.8	-
Greycoat	Thursday	1.2	1.5	-
GT Asia Sterling	Monday	-	4.0	-
Havelock Europa	Wednesday	1.1	2.9	-
Hicking Pentecost	Friday	-	-	-
Lyndon Prop & Rever	Monday	1.6	3.8	-
M&G Second Dual Tst	Wednesday	7.1	8.4	-
Northern Foods	Wednesday	4.2	4.7	-
Osborne & Little	Monday	1.3	2.8	-
Phoenix Timber	Thursday	-	1.5	-
Pilkington	Thursday	10.3	-	-
Preedy Alfred	Monday	1.0	8.1	-
Priest Benjamin	Wednesday	0.1	0.4	-
Reed Executive	Monday	2.0	4.0	-
Russell (Alexander)	Friday	11.5	1.2	-
Smith New Court	Thursday	2.0	6.0	-
Sterling Publishing	Monday	-	27	-
Stewart & Wright	Thursday	-	37.5	-
Stirling Group	Monday	0.4	0.7	-
Syltone	Thursday	3.8	6.4	-
Tex Holdings	Wednesday	1.5	3.6	-
Thorn EMI	Thursday	5.0	13.5	-
Tinsley Eliza	Wednesday	1.9	1.0	-
Tomorrow's Leisure	Wednesday	-	-	-
Triplex Lloyd	Monday	2.0	0.7	-
Waterglade Int'l	Wednesday	-	-	-
Yellowhammer	Wednesday	0.9	1.5	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. Third quarter figures.

• MARKETS

Buy now and wait for pleasant sensations

West Germany

"IT IS OF a similar scale to experiencing a major personal tragedy," says Mr Franz Schmidt, head of research at Trinkaus & Burkhardt, to explain the present shell-shocked state of the West Germany equity market.

Even Thursday's 0.5 percentage point cut in the discount rate to 2.5 per cent – the lowest level in German central banking history – failed to stimulate the stock market. No-one expects the gloom over German shares to shift this year. Some doubt it will dissipate particularly quickly in 1988.

Despondency about equities is not exclusive to Germany at the moment, of course. But while most other markets powered ahead through 1987 until October's crash, German equities have been in the doldrums all year.

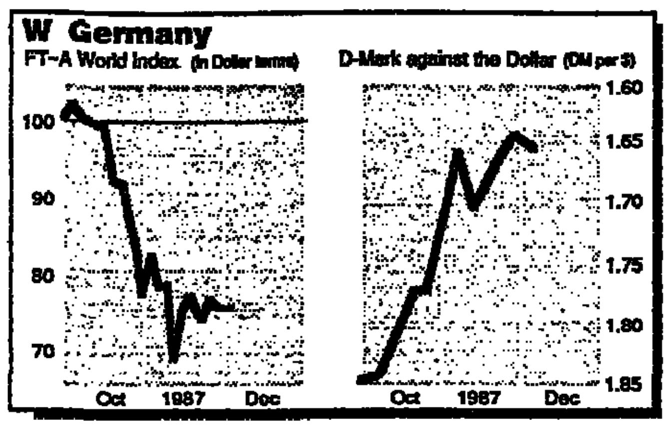
The reasons are well known. Prices stayed stable because of the bourse's unusually high dependence on foreign investors, who turned for much of the year to better prospects elsewhere in continental Europe. Moreover, many shares in Germany are susceptible to the dollar/Deutsche Mark exchange rate, meaning that any fall in the value of the US currency triggers instant selling by export-conscious investors.

But the German market's greatest weakness remains structural. For all the efforts of the bourses and the banks, most domestic investors remain very reluctant to buy shares in any real quantities. Those who missed out on the surge in equity prices in 1985 and 1986 and stayed with their familiar fixed income instruments are now sitting back complacently.

Nervous foreign investors selling en masse have been characteristic of many international markets since Black Monday. But what stands out in Germany is the marked absence of domestic investors on the buy side willing to take a risk: hence the strong feeling in Frankfurt that things can only get worse before they get better.

True, some leading banks have been making brave efforts to restore confidence: Dresdner Bank has won plaudits for its prominent advertisements designed to restore faith in the market. And Mr Wilhelm Christians, co-speaker (chief executive) of Deutsche Bank, admitted this week that the bank had been buying equities throughout mid-October and November to support the market.

Unfortunately, such efforts have not been enough to enliven a market that is now "stone dead," according to a senior Deutsche Bank trader. "There is no fresh money and investors are just licking their wounds," he says, likening the present torpor to the 1960s and early 1970s, long before German equities began their surge.



Ironically, it is now widely acknowledged that there is tremendous value in certain shares. Take the story doing the rounds about a corporate raider buying the entire stock of Siemens (which, unlike some German groups, is widely held).

Such an intrepid investor would actually come off a couple of billion Deutsche Marks the richer once the purchase price had been netted off against the group's well-known DM20bn in liquidity – not to mention the odd factory dotted around the world.

Of course, the calculation takes no account of the lift in the share price a buying spree would trigger. But it dramatises the present undervaluation of Siemens shares, and those of other asset-rich groups like Allianz, Europe's biggest insurance company, and the Munich Re, the world's largest re-insurer.

Deutsche Bank is another case in point. Its pre-eminent status in the country's securities industry helped to explain why its 10 months' profits, announced this week, fell even more sharply than those at Dresdner Bank and Commerzbank. But yesterday's fall in its share price to a lowly DM393 leaves it barely reflecting the quality of a bank of the highest international standing. For those used to the heady days of DM900 a share, even last week's DM450 looked cheap.

Many recognise value in parts of the market but the problem is that few are buying. "We are seeing some very limited purchases *from some German pension* funds linked to insurance companies," says a senior dealer. "But it is very cautious and only at the lowest levels. There is no sign of the public or private-sector investment funds."

"Neither economic nor fundamental reasoning is now running the market, it's purely psychological," says Mr Schmidt. "Why buy now if you think you can pick up stock 10 per cent cheaper a bit later?" Prices are cheap, "But if you are looking at the market trend, you can accept that you can still wait a little."

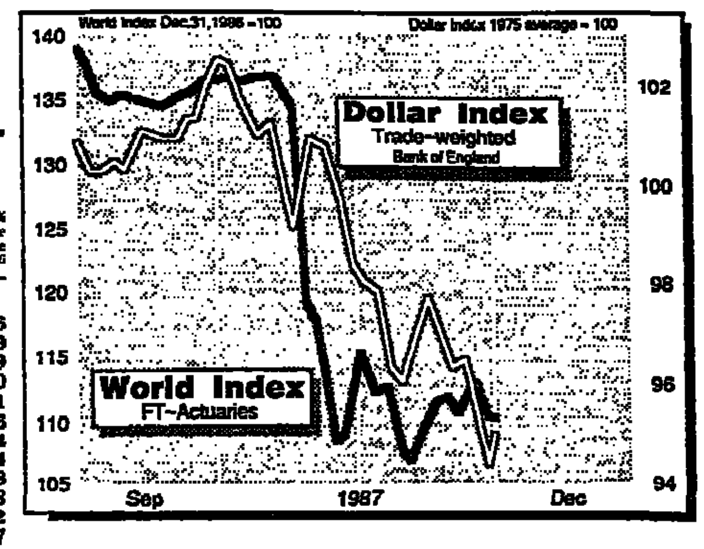
There are few short-term palliatives to break the downward spiral. The dollar's limited reaction to Thursday's concerted European interest rate cuts, which briefly pushed it above DM1.66 before being fixed at DM1.65 in Frankfurt on Friday, has clearly not provided the key.

FT-ACTUARIES WORLD INDICES

Country	% Change from June 29	US $ % change since Oct 16
Australia	-26.3	-39.6
Austria	+8.4	-8.9
Belgium	-18.6	-17.9
Canada	-19.0	-18.0
Denmark	-4.3	-7.1
France	-21.0	-16.6
W Germany	-21.8	-22.4
Hong Kong	-34.6	-45.4
Ireland	-24.3	-34.8
Italy	-18.4	-15.8
Japan	-2.2	-7.2
Malaysia	-41.4	-41.7
Mexico	-53.2	-67.9
Netherlands	-24.5	-21.3
New Zealand	-21.5	-40.3
Norway	-27.0	-42.8
Singapore	-37.6	-44.6
S Africa	-6.7	-21.8
Spain	-4.6	-27.7
Sweden	-19.2	-30.6
Switzerland	-18.7	-25.8
UK	-21.0	-25.6
USA	-24.3	-18.0

Figures based on December 2. © Financial Times, Goldman Sachs and Co, Wood Mackenzie and Co Ltd 1987

Congressional agreement on the draft plan to cut the US budget deficit may help later this month, but Frankfurt analysts say the German market has already effectively shut down for the year. "Turnover on the German stock exchanges is constantly declining at present, and business would be turning down now anyway," says one dealer.



The shares to buy are fairly obvious but most analysts are not so united on what to avoid. The combination of a weaker dollar, possible overcapacity next year leading to output cuts and the prospect of higher competition in Europe signal a difficult period ahead for Germany's car manufacturers. So while the scare stories of Porsche passing its dividend are undoubtedly exaggerated, few would be surprised to see a distinct slowdown.

What then should one advise the brave investor wanting to dip into the undervalued German market? The following seem to be the golden rules: stick to top quality; buy only on the weakest days; and don't purchase all the shares you want at once, in case prices slip a little further.

Those who go ahead should think as they would if they were laying down top-class wine. It is at least a medium-term investment, but there should be a pleasant sensation in the end.

Haig Simonian

Ever more bearish by the day

Wall Street

THE MARKET for US stocks has taken on the habits of the bear.

In the past six trading days, the market as measured by the Dow Jones Industrial Average has fallen nearly 10 per cent to the levels last seen on October 19. There is no panic. The fall has been steady and orderly. But it is beginning to scare the wits out of Wall Street.

Last week, the market showed a classic bearish trait. It was given all the good news it could hold and it took no notice.

The cut in interest rates overseas, which was supposed to stimulate world demand and balance US efforts to cut the federal budget deficit, duly occurred last Thursday: the Dow fell 72.45 points to 1776.53.

On Friday, unemployment figures showed that the US economy was humming in November as if October 19 had never happened: the Dow opened down and then trudged towards the 1738.41 that marked the low point seven weeks ago. Though the market recoiled from that grim portal in the morning, it was as jumpy and gloomy on Friday as at any time in the last seven weeks.

While shunning good news, the market is taking a perverse pleasure in bad. Thursday showed this bearish attitude in the market's response to November sales figures from the automobile manufacturers and the big retailers.

The motor sales were up 9.9 per cent in the last 10 days of November, but the stocks of the Big Three all fell. At $56 on Friday, General Motors is barely off its October low.

The retailers' figures were inconclusive. Comparable sales from the big department chains such as Sears Roebuck were flat or down. However, the discounters did better and reports of sales since Thanksgiving have been encouraging. But Wall Street's reaction was as if Christmas had been abolished. Wal-Mart fell 10 per cent on Thursday, while Sears, J C Penney and Dayton Hudson were down several points.

The stock market's problem is that it has nothing to look forward to. It resembles a spoiled child. Having thrown its terrifying tantrum on October 19, the market has been given almost everything it wants by worried adults.

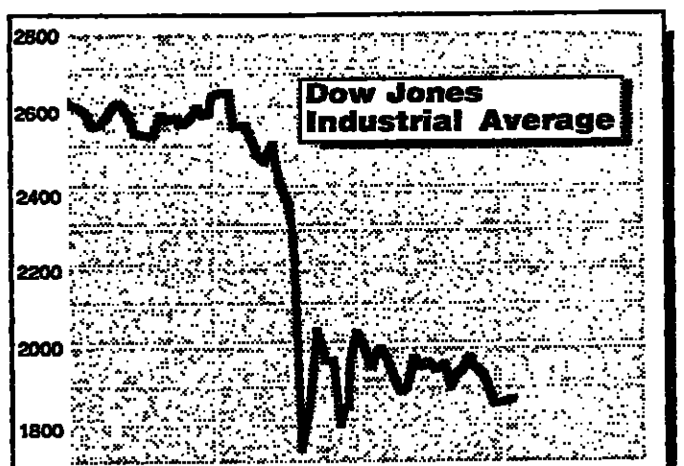
The Federal Reserve has poured in liquidity. Against all their instincts, Congress and the White House have agreed a package of sorts to relieve the pressure on financial markets of the budget deficit.

West Germany, against its better judgement, has agreed to stimulate its own economy and cut its interest rates. A US–Soviet summit meeting in Washington heralds the warmest period in great power relations in memory. And the stores along Fifth Avenue are lit up for Christmas.

The market already has these toys. It now must kick its heels through a long and dreary period, stretching into the New Year, with nothing new to amuse it.

Mr Karl Otto Poehl, the president of the Bundesbank, made clear that West Germany would do no more on the fiscal and monetary front because of the threat to its own household finances and price stability.

Washington's immense labour simply to produce the mouse of the deficit package means that there is no point looking in that direction for generosity. The market has nothing to do except play around with earnings forecasts - which are so wildly different as to constitute mere guesses - and wait for something bad to happen.



If the stock market tone were not so unrelentingly negative, it might be picking up encouraging signals from other financial markets. On the foreign exchanges, the dollar is still falling, opening up yet more markets for such import-sensitive industries as basic chemicals, machinery and textiles.

Last week's stimulatory measures in Europe might never have occurred for all that they did for the dollar's value. Yesterday, there were reports that the Fed was intervening to buy dollars for the first time in months. But the dollar was still trading under the levels of Y133 and DM1.67 that it last saw before Thanksgiving.

The credit markets, which were banking on a recession as the only way to curb demand and stabilise prices in the economy, have completely lost heart.

Treasury bond yields, which were down more than two percentage points from their October 19 peak at the beginning of November, have been climbing steadily ever since. The Treasury long bond has been yielding comfortably over 9 per cent for over a week. So much for the deflation that the stock- market crash was going to bring.

The only fixed-income sector that has prospered recently is the junk bond market, but this is a strange animal at the best of times.

Because junk bond issuers depend on strong corporate profits and a good market for stripped assets to finance their expensive debt, these securities have some of the features of stocks. The improvement in junk bond yields since the stock-market crash shows that investors no longer fear a recession will bring defaults all round.

But the stock market is just using these market to reinforce its own gloom. Import-sensitive stocks have indeed rallied, with the likes of Dow Chemical and Bethlehem Steel up more than a third from their lows in the crash, but this is just one shrinking corner of the market, as it is of the US economy.

For the stock market as a whole, the falling dollar and rising interest rates are worrying signs that confidence in the post-Crash order in the US is ebbing away.

A fall through the October 19 level would send the alarming message that stock investors have decided that no progress has been made at all to fix the imbalance of demand and savings in the US economy.

But even if that does not happen, the three main markets are coming into line in a way that is ominously reminiscent of early October.

Monday	1833.55	– 76.93
Tuesday	1842.34	+ 8.79
Wednesday	1848.97	+ 6.63
Thursday	1776.53	– 72.44

James Buchan

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The flags will be out on the 8th!

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Eric Short looks at unit values

The retreat continues

THE CONTINUED equity market retreat in November, which was threatening to turn into something very nasty on Monday November 30, sent the paper values of unit-holders' assets further down from the depressed values following the October collapse.

The average decline in unit values during the month was 6.6 per cent, following the 25.4 per cent drop in October. Only 127 trusts out of the 1,132 in the Opal statistics survey showed an increase in unit value (offer-to-offer, without income allowance), while another 15 funds broke even.

The defensive trusts which did well during the month were a mixed bunch – gold and commodity share funds, gilt and fixed interest funds and a couple of Far East funds. The Gartmore Hedged American Fund went against the trend for US vehicles with a 10.8 per cent rise, thanks to hedging against the weakness of the dollar.

A clearer picture of the effects of the stockmarket plunge since Black Monday can be seen in unit value movements over the six months to December 1. The average decline in unit values on an offer to bid basis, with income reinvested, was 26.9 per cent. A sector analysis, reproduced in the table, shows very few funds achieving positive growth, with almost all sectors showing heavy falls in unit values.

Even the gilt and fixed interest sector trusts showed a small fall on average, while commodity and energy investments were still showing a heavy loss over six months, despite a rally in November.

Australian funds were the worst hit, with an average fall of 44.2 per cent, followed by the Far East - excluding pure Japanese funds - with an average fall of 35.3 per cent.

Investors have now seen for themselves the reality of the standard statement on unit trust advertisements that prices can fall as well as rise. The obvious defensive strategy in a bear market is to go liquid if you are an amateur and to gilts and gold if you are an expert.

But how successful have the experts been? The fund-of-funds concept was designed to enable risk to be spread by the managers' switching units to meet changing conditions. Current conditions are providing an acid test for this concept. As yet, managers are not measuring up to the task.

The average over the six months for ten such funds does not look encouraging: an average fall of 23.9 per cent over six months, matching the 23.8 per cent drop in the FT-Actuaries All-Share index.

One fund, Whittingdale Challenger, managed a 0.2 per cent positive return. But the second in the list, Vanguard Master Portfolio, had a 18.2 per cent fall, while the tenth, MIM Britannia Managed Investment, recorded a 32.1 per cent drop.

Unit trusts are long term investments. Over one year, the average is a decline of 8.8 per cent, but over five years growth has been 117.8 per cent - an annual growth rate of 16.1 per cent compound.

AVERAGE UNIT TRUST PERFORMANCE - SIX MONTHS TO DEC 1 1987

Sector	No of funds	Top %	Average %	Bottom %
UK General	78	12.5	-25.8	-40.5
UK Growth	175	-2.6	-28.3	-48.9
Equity Income	117	-4.0	-21.8	-32.0
Mixed Income	23	-9.8	-20.4	-28.7
Gilt & Fixed Interest	59	+17.8	- 4.0	-21.5
Financial & Prop	17	-22.3	-32.0	-41.5
Int. Unit Trusts	8	-23.1	-25.6	-31.2
Comm & Eng	31	-12.8	-30.3	-53.2
Int. Growth	137	-9.0	-30.3	-47.2
North America	114	-182	-33.2	-46.2
Europe	94	-6.9	-28.9	-50.4
Far East	73	-18.6	-35.3	-53.9
Japan	60	+1.2	-21.8	-35.9
Australia	16	-13.6	-44.2	-79.0
Int. Income	50	-5.9	-22.8	-35.9
Mixed Growth	10	+0.2	-23.9	-32.1

Offer to bid, with income reinvested.

Source: Opal Statistics

'Ski-slope' performers

Eric Short on the dismal performance of investment trusts

THE ASSOCIATION of Investment Trust Companies has always claimed that investment trusts can adopt a more flexible investment stance than unit trusts, leading on average to a better investment performance.

The stock market collapse which started on October 15 has provided the ultimate testing ground for comparing the investment abilities of various investment media and their managers. Have investment trusts and their managers been able to match the claims of the association?

Stockbrokers Wood Mackenzie, a leading specialist in investment trusts, has just produced its latest quarterly review on the sector. This is devoted entirely to investment trust performance since October 15.

It is grim reading and the Associations's official figures for November, due next week, should show a similar picture.

In a nutshell, investment trust share prices have not lived up to the claims of the association.

The Wood Mackenzie survey shows quite clearly that investment trusts "outcrashed" the market.

At the start, the investment trust sector of the FT-Actuaries stood at 99.9 relative to the All-Share index and 97.4 relative to the FT-All World indices. By December 1, the ratings had dropped to 95.2 and 84.4 respectively.

Wood Mackenzie, in its report refers to "ski slope" graphs of the price performance.

The responsibility for the bloodbath in investment trust share prices does not really lie with the investment managers. The underlying net asset values fell on average by 30.5 per cent over the six weeks compared with a drop of 33.2 per cent in the All Share index.

The collapse in share prices came from strong selling pressure which resulted in the discounts widening from 14 per cent for non-specialist funds to around 20 per cent at the end of November.

The investment trust sector is dominated by the professionals, in contrast to unit trusts. In the *days immediately following* Black Monday, they held on and discounts actually narrowed slightly.

But when it became obvious that the market was not going to recover quickly, the selling pressure grew. Down went share prices, and the discounts widened.

The Association, in its promotion of investment trusts, has referred to the investment prospects of narrowing discounts. Perhaps it should now contain the warning that discounts can widen as well as narrow.

How did the sectors fare over this period? The table shows remarkably even performance, with the exception of Japanese-oriented trusts, which showed a much lower fall.

The selling pressure seemed to be very heavy where European-orientated funds were concerned, with a price fall far in excess of the drop in net asset values.

Wood Mackenzie's report also shows how the investment management groups performed during the past six weeks. Here, there is more variation in net asset value, but this could in part reflect the nature of the trusts within a management stable.

It will be interesting to see in next week's official figures if the association is prepared to comment on the events of the past six weeks.

Investment Trust Performance October 15 - December 1, 1987

Sector	Net Asset value %	Share price %
Non Specialists	-30.6	-35.6
Income Growth	-30.3	-32.5
North American	-30.0	-36.1
Far East	-30.0	-38.0
Japan	-20.1	-24.3
Europe	-29.6	-42.3
Commodities/Energy	-35.6	-41.3
Technology	-29.5	-38.8
Average	-30.5	-33.4
FT-A All Share		-33.2
FT-A World Indices		-25.1

Source: Wood Mackenzie

Gilt trip for the nervous

WHITTINGDALE, the City of London fund manager with an historic enthusiasm for the gilt-edged market, has devised a "three-scenario" strategy for investors during current market uncertainty.

The latest quarterly investment letter from the firm, which manages more than £1.2bn, computes three likely economic prospects and advances portfolio recommendations for each contingency.

There could be:

- A long slump with further stock market falls, a collapse in the oil price and falls in interest rates. Whittingdale's strategy in this case would be to invest in long-dated gilts, for security and capital gains as interest rates decline;
- Stagflation, with low growth, rising prices and a plunging dollar. For this, the firm would recommend gilts in the short term, followed by quality property and mining shares;
- A *brief* slump, followed by a resumption of growth which, it says, would indicate gilts in the short-medium term and, thereafter, UK equities.

"It doesn't take a genius to spot the attraction of gilts and bonds in current conditions," says Patrick Whittingdale, chairman. "The questions are "which" and "for how long?"

Half of its Challenger fund, says the firm, is invested in Deutsche Marks as it feels that the UK authorities may well let *sterling depreciate against the* European currencies.

The short dated Gilt Fund's exposure to the gilt market has been increased on the prospect of interest rates declining in the UK. Investments have been made in selected low coupon gilts, with a maturity of 2½ to five years, which will benefit from reductions in UK base rates and investors moving funds from equities into gilt-edged stock.

Whittingdale was among the first to "call" the current bear market in November 1986. It *admits that it got its timing* wrong, and explains that it underestimated the desire, or need, of the central banks to print money, led by the US, which pushed up the prices of equities and properties worldwide.

William Cochrane

Rachel Hughes on Law Society pamphlets

Jargon-free help

IT'S ENOUGH to make Mr Tulkinghorn, or others in Charles Dickens' gallery of lawyers, turn in their graves: a series of colourful leaflets, using language that is simple and free from lawyers' cant, blatantly and unashamedly promoting solicitors and helping them to market their wares.

"See A Solicitor" is a major new promotion launched by the Law Society. Ten subjects are covered: moving home, making a will, setting up in business, job protection, child care problems, splitting up (marriage problems etc), tax questions, letting out property, renting as a tenant and planning law and the environment.

Each leaflet lists problem areas and suggests, in brief general terms, ways in which a solicitor might be able to help. That on child care, for example, refers to custody and access, abduction, care proceedings, abuse and children born outside marriage.

Letting Out Property mentions a landlord's rights and obligations and also such matters as tax implications, fair rents, common parts and commercial leases.

The leaflets are the Law Society's latest response to the increasing pressure on the profession to provide competitive and efficient legal services - pressure that is coming not only from other professions and institutions but also from a more sophisticated public that has come to expect consumer choice and service.

The series is a revamp of one produced 20 years ago. Perhaps it is a sign of changing times that the leaflet entitled "Marriage Problems" in the original series has been replaced by "Splitting Up."

Ruth Lawrence, the Law Society's publications manager, sees the leaflets as performing a dual function: allowing firms to promote themselves individually - sets bearing a firm's name are available - and also promoting the profession as a whole. First reactions from solicitors presage a big demand, she says.

In addition to the reception areas of solicitors' offices, it is intended to make the leaflets more generally available through, for example, citizens advice bureaux and local law centres.

The promotion is yet another example of the new realism that has crept into the profession in the past year and, like previous manifestations, it exhibits a nice balance between altruism and self-interest.

While enabling solicitors to reap the financial benefits of self-promotion and marketing, it will at the same time help their clients - and more importantly, potential clients - to a better understanding of their legal rights and remedies. In so doing it may also help to reduce the anxiety induced by legal problems.

Spread the bills

William Cochrane looks at the Midland's home management account

JUST IN TIME for those Christmas bills, Midland Bank is to launch a home management account next Monday, which will repalace its existing budget account, and introduce some new features.

Customers will still be able to spread the costs of regular bills and other commitments over a year. An automatic overdraft is available to cover peaks of expenditure.

However, the home management account is an ongoing facility, subject to an annual review, and not a 12-month agreement.

Credit interest on the account will be paid at four per cent net to existing and new account holders from December 7.

Debit interest will be charged monthly at the rate of 1.5 per cent (APR 19.2 per cent) - a reduction on the existing budget account rate. Both debit and credit interest rates, says the Midland, may vary according to market conditions.

However, the costs of all this service are rising. A monthly service fee of £1.50 will be debited automatically, replacing the existing £10 annual fee which has not been increased since 1983.

Midland, incidentally, is also raising its charges on personal current accounts, although customers whose accounts remain in credit will continue to benefit from free banking.

FIRST PUBLIC ANNOUNCEMENT

THIRD ABBEY BES SYNDICATE

The Chancellor wants to help you ...to make money out of expanding British business.

The Business Expansion Scheme (BES) provides an outstanding opportunity for you to invest in British businesses — with the help of the Government who are actively encouraging private investment by offering extremely generous tax reliefs.

Abbey Unit Trust Managers, already an established force in the Unit Trust industry, are again joining forces with Hodgson Martin — specialists in BES investment — to promote the THIRD ABBEY BES SYNDICATE.

The Syndicate has been formed with the intention of investing in a spread of qualifying BES companies by the end of the current tax year.

Major Tax Concessions

Under the Business Expansion Scheme, relief is given against tax on income for investment made from capital. This means that for every £1,000 invested on your behalf, you receive tax relief from the Inland Revenue on the following scale:—

£1,000 invested Tax Rate	27%	40%	50%	60%
Tax Relief.......£	270	400	500	600
Net cost of investment......£	730	600	500	400
Effective subsidy rate*	37%	67%	100%	150%

*as % of net cost to investors.

The higher your tax bracket, the higher your tax relief, but even for a basic rate taxpayer, the effective subsidy is worth 37% of the net outlay (the above figures do not allow for the initial charge of 6% plus VAT, on which there is no tax relief).

Expert Investment Management

Hodgson Martin is one of the oldest established Managers of BES Funds in the UK, with nine syndicates already successfully formed under their management. Over the past five years they have screened over 1500 candidate companies, from which they have selected less than 3% for investment.

Abbey Unit Trust Managers, sponsors of the Syndicate, already manage 17 authorised unit trusts valued at over £600 million, including 5 trusts worth £240 million investing in British companies.

High Risks — High Rewards

Investing in unquoted companies carries a higher risk than investing through an authorised unit trust — that is one reason why the Government is so generous with tax reliefs. However, there is also scope for higher rewards and the risks can be reduced significantly by the spread of investments and the careful and skilful selection that this Syndicate will enjoy.

The potential is illustrated by the First Abbey BES Syndicate, where one investment was recently taken over at a price 18½ times our initial cost — by far the most successful BES investment made to date.

To find out how you can join the Third Abbey BES Syndicate, complete and return the coupon to us today. We will send you a copy of the Fund Memorandum; applications to subscribe will be accepted only on the basis of the terms and conditions set out in it. The minimum subscription will be £3,000 and the maximum £40,000; subscriptions will remain open until 29 February 1988.

The Third Abbey BES Syndicate has been set up under the 1983 Finance Act for the tax year 1987/88.

This advertisement does not constitute an invitation to subscribe to the Fund; subscriptions may be made only on the basis of the terms and conditions set out in the Memorandum describing the Fund.

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To: Abbey Unit Trust Managers Limited, 80 Holdenhurst Road, Bournemouth BH8 8AL. (Reg Office). Telephone enquiries (0202) 297621.
Please send me a copy of the Memorandum inviting participation in the Third Abbey BES Syndicate.

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Given recent events in the financial markets you may be looking for an investment which can offer long-term security.

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Over the past seven years the average investment trust has yielded greater rewards to shareholders than building societies or the average unit trust*.

Such performance has made investment trusts very popular with investors who take a long-term view.

Having read this far you are obviously interested, which may be a good time to introduce you to the Martin Currie portfolio.

We manage four successful investment trusts, each with a different investment objective.

THE SCOTTISH EASTERN INVESTMENT TRUST
offers capital growth through an internationally diversified portfolio.

SECURITIES TRUST OF SCOTLAND
offers income growth with a consequent increase in capital value.

ST. ANDREW TRUST
invests in small companies both at home and overseas and offers long-term capital growth as well as income.

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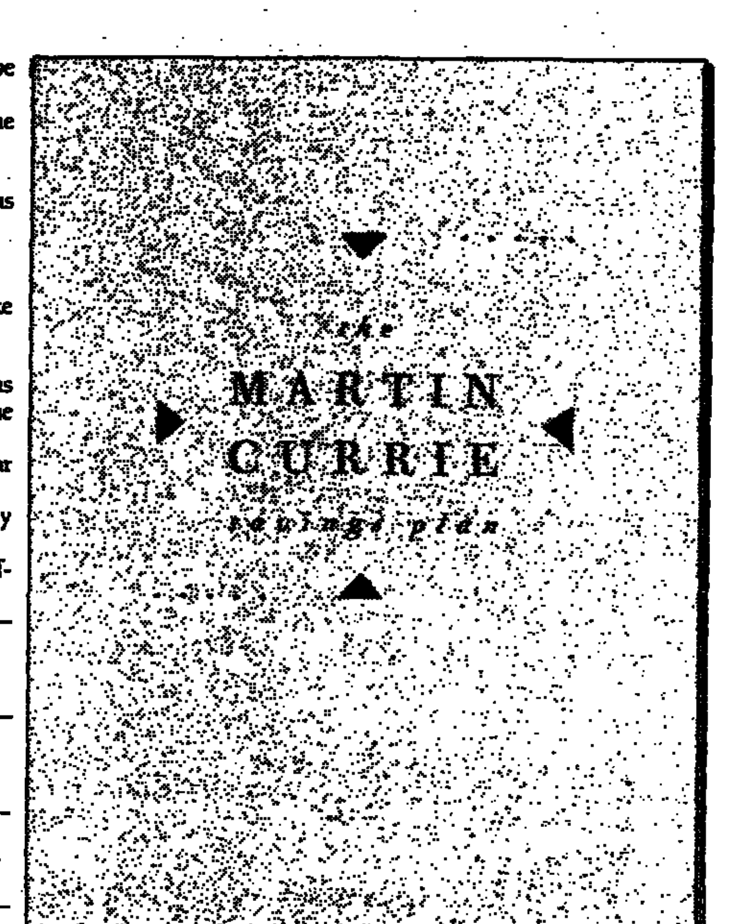
offers capital growth through investment in stock markets of the Pacific Basin.



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A savings plan for the long-term investor.

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The new Martin Currie Savings Plan has been specifically designed to give the individual small investor an opportunity to buy shares in the four trusts.

The plan is simple, secure, flexible and economic.

You can invest as little as £20 a month or as much as you like.

You can invest monthly, quarterly or in lump sums.

The Savings Plan is managed by one of the largest and most successful independent investment groups in Scotland. It is administered by Bank of Scotland who will buy shares in Martin Currie trusts each month on your behalf and hold them in a nominee account.

The four trusts seek *maximum* financial reward for their shareholders.

The new Martin Currie Savings Plan gives you an opportunity to become one of those shareholders.

Pop the coupon in the post and we will send you a copy of our free booklet which has full details of our new Savings Plan.

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Address ______

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Please complete and return this coupon to Jane Ironside, Martin Currie Investment Management Limited, 29 Charlotte Square, Edinburgh EH2 4HA or phone her on 031-225 3811.

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*Source: Association of Investment Trust Companies: 'Shares for Everyone'.

Richard Waters on changes to building societies

Looking for converts

CHILDREN AND small investors stand to benefit from a cash bonus if building societies take advantage of their right from the beginning of next year to turn themselves into public companies.

The rules which govern the conversion of societies - which currently have mutual society status - into companies were outlined last week by the Building Societies Commission, the industry's regulatory body.

The most controversial aspect of these concerns the use to made of a society's reserves. In theory, the reserves belong to all of its investors; but most will never be able to cash in on their share of these.

The largest building society, Halifax, for instance, has around 10m investors. It had reserves at the start of this year of £1.12bn - or around £4.50 for every £100 of money invested.

The Commission's rules state that all those who are not eligible to vote on whether their society becomes a company should be paid their share of the reserves, if and when the society converts. This is calculated by multiplying the reserve ratio (in Halifax's case, 4.5 per cent) by the amount invested.

People under 18, and those with under £100 invested, cannot vote. Should the Halifax turn itself into a company, therefore, these people would receive 4.5 per cent of their investment in the society as a lump sum.

For a child with £1,000 in a building society account, that would be worth £45. At current rates, that is more than an entire year's interest on a paid up share account (Halifax pays 4 per cent), though higher-interest accounts pay more like 6 per cent.

Those who *can* vote are still entitled to a share of the reserves - in theory. But this is a purely notional benefit: they can never receive their share unless the society is wound up.

Their reserves will be kept in something termed a "liquidation account." As investors reduce their investment in the society, the value of the liquidation account will fall accordingly. Putting new money into the society will not increase the value of the liquidation account, even if it has been reduced by an earlier withdrawal.

Children stand to gain most from these rules. Older investors may be tempted to break up an account to create several others with less than £100 in them, but this may not prove worthwhile. For a start, a society will add together the balances of all of an investor's accounts when assessing whether he or she falls below the £100 level. This means that separate accounts of less than £100 would need to be taken out with separate building societies - hardly worth the effort given the potential gain (less than £5).

Also, breaking up an account could cause an investor to lose out on interest. Accounts with more than £500 generally qualify for higher rates of interest. These rise as the amounts invested get larger.

There is an added complication. Building societies have two types of investor: members (otherwise known as shareholders) and depositors. Most building society account holders are members - in other words, they qualify as "owners" of the society and share in the reserves. But a minority are simply depositors, and, like bank depositors, have no rights beyond the money they deposit and the interest earned on it.

The 2m holders of Halifax Cardcash accounts count as depositors. Other societies have far fewer depositors: Abbey National, for instance, is believed to have only around 100,000 depositors, compared with nearly 8m members. Depositors do not have a vote or a share of the reserves.

There is one potential benefit that will cover almost all of the customers of a society that decides to convert: they will be first in the queue for shares. Although the stock market collapse has made small investors wary of share ownership, there is nothing more likely to tempt them back to the market than the chance of buying a stake in a society they already, in theory, own.

The bonus for these shareholders is that they will be the real beneficiaries of a society's reserves - *despite* the liquidation accounts mentioned above. Also, like the TSB "privatisation", the proceeds of a sale will go to the society concerned, not to the Government.

Mr John Wriglesworth, of Phillips & Drew, offers as an example a society with reserves of £1bn, which raises a further £1bn in a share issue. Its capital (reserves plus new shares) is then £2bn. Since societies, like banks, are restricted in their activities by the amount of capital they have, this doubling of resources would enable them to engage in a wider range or greater volume of business, or both. The result should be greater profits - and only the shareholders, not the account holders, benefit from this.

There is a catch: only investors who have had a building society account for at least two years qualify for priority shares. So it may already be too late to open a building society account with an eye to being at the head of the queue for shares.

These windfalls from conversion look to be some way off. Abbey National is the only large society consistently rumoured in the City to be considering conversion. But like the others, it says it has no plans to follow this route at the moment. Others, such as Nationwide Anglia, are positively opposed to the idea of becoming public companies. Conversions are widely expected, but not imminently.

Currie's new mix

FROM Charlotte Square, Edinburgh, Martin Currie Investment Managers claim three firsts for the Martin Currie Savings Plan, a scheme for small investors which is being launched this weekend.

The plan focuses on the four Martin Currie investment trusts: Scottish Eastern, Securities Trust of Scotland, St Andrew Trust and Martin Currie Pacific Trust.

The managers say there will be no stockbrokers' commission charged to investors who apply directly to Martin Currie. "We have ensured that all deals will be done through market makers and that there will be no commission payable by the small private buyer," says David Skinner, managing director.

Second, under certain circumstances - such as lump sump investments, which usually require financial advice - a commission of up to 3 per cent is payable to qualified intermediaries. The latter exist on commission, notes Skinner, and they will be inclined to recommend unit trusts which pay it, rather than investment trusts which generally do not.

Third, it is Martin Currie, the management company, which is paying for the promotion, design and advertising of this offer, rather than the investment trusts. Martin Currie gets a management fee, but Skinner says this is below the average for investment trusts.

As to timing of the offer, the managers say they see no problem in launching a long-term savings plan.

The money tendered will be used to buy existing shares in the underlying trusts, to be bought in the market through the Bank of Scotland, so investors would be able to buy at a discount for the time being. Martin Currie manages assets of approximately £2bn.

William Cochrane

TRT rival plans

FIRMANDALE Investments, which holds 27 per cent of the £320m TR Technology Investment Trust (TRT), has requisitioned an extraordinary general meeting of TRT through its advisers, Berkeley Govett & Company.

TRT, its managers Touche Remnant and its advisers Morgan Grenfell said this week that the requisition is unsolicited and unwelcome.

Firmandale wants the meeting to consider two alternative motions, both of which basically envisige conversion of TRT to a split-level structure, which might be expected to reduce the discount to assets against which the shares have been trading.

However, TRT says that Berkeley Govett unilaterally terminated discussions between the two sets of advisers. "The discussions were held to consider proposals which the Board of TRT believed were superior to those put forward by Berkeley Govett and which where designed to achieve the objectives of Firmandale in a manner acceptable to, and in the interests of, all shareholders."

TRT and Touche Remnant believe that the discussions could have formulated improved proposals. The TRT Board says it particularly regrets the Firmandale statement that it will vote against any restructuring proposals put forward by the TRT Board, including those currently being considered for submission to shareholders. They say they will be writing to shareholders with detailed advice to vote against the Firmdandale resolutions.

● In a happier meeting of minds, two unit trust management operations are merging in an agreed deal. Baltic has agreed terms with Aberdeen Fund Managers for the merger of its wholly owned subsidiary, Abtrust Management, with Baltic's investment management division, comprising Baltic Trust Managers and Fraser Henderson.

Aberdeen Fund Managers, in which Ensign Trust has a substantial interest, has funds under management of £84m which, after the merger, will total £120m.

W C

Relaunch for FT Cityline

RESPONDING to the growth of instant share price services and changes in policy at British Telecom, FT Cityline is being relaunched next week as a BT Callstream premium service. It will have an expanded range of market reports, up-to-date share prices and a new ability to value share portfolios.

Martin Brooks, director of information services at Financial Times Business Information's Jermyn Street offices, says stockbrokers have been complaining that for every dealing instruction they receive, they get six calls asking only for share prices.

BT has responded with its Citycall premium service, Telephone Information Services with Teleshare, and Publishing Holdings with Sharecall. The FT's Cityline, meanwhile, had operated as a BT Guideline for 12 years, providing a forerunner of the new service at local call rates in major conurbations. Guideline services are, however, to end shortly, with the exception of the speaking clock.

The new Cityline service falls into three parts. The first is fairly conventional, but will offer 19 financial reports instead of the current two. The second can provide real-time share prices of 3,500 companies during stock exchange trading hours. The third is an extension of the second, allowing the caller to value portfolios of up to 20 shareholdings in real time.

Callers will need multi-frequency telephones - the type that makes varying tones when different numbers are pressed, and which can access information from computers. MF handsets tend to be installed in offices rather than homes; they are, however, available for about £30 - or, says FTBI, a keypad tone generator can be had for under £20.

The service number is 0898-123456. All calls are charged at 38p per minute (peak and standard rate) and 25p per minute (cheap rate), including VAT. The FT will get a share of this revenue.

W C

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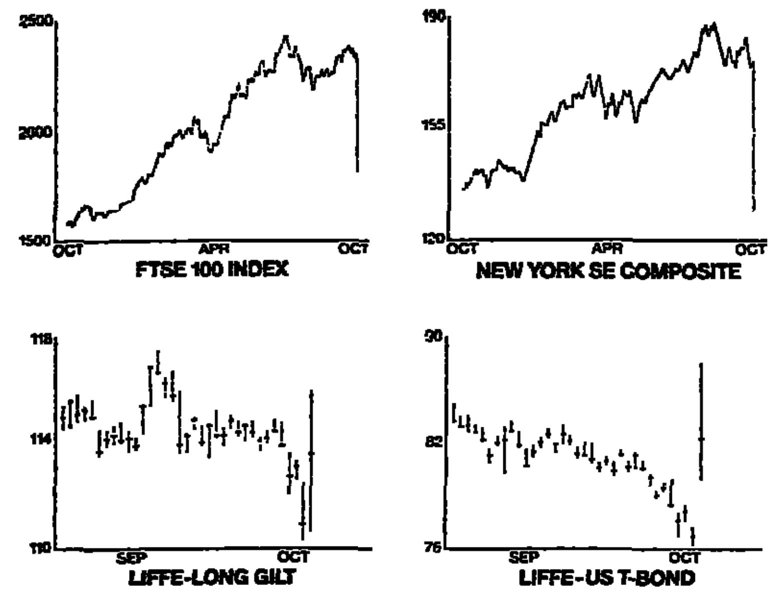

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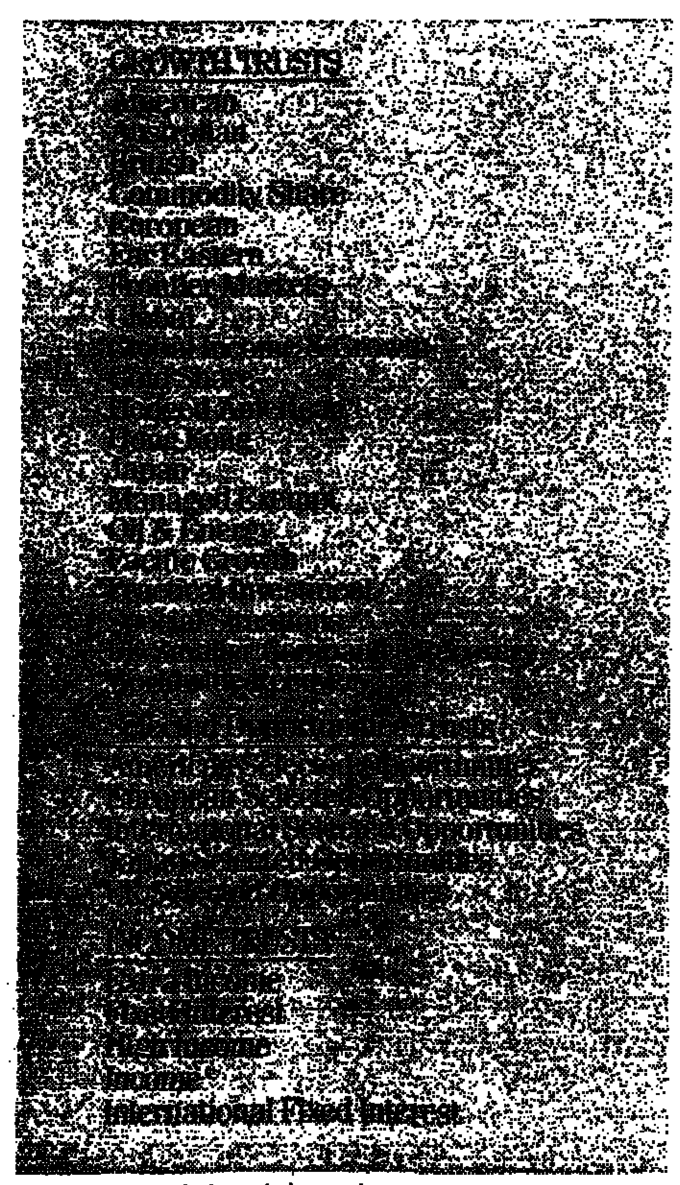

* Formerly Oppenheimer unit trusts

That's the short word for it.

Following our acquisition of Oppenheimer, Gartmore becomes one of the largest and most formidable independent investment companies in the United Kingdom, offering even **more** in expertise, performance and innovation in our product range.

We have incorporated the talents and resources of the Oppenheimer fund managers into the Gartmore team, enabling us to offer investors one of the most comprehensive range of investment products – 30 UK Authorised Unit Trusts.

The highly successful Oppenheimer unit trusts have been added to the Gartmore range, providing even **more** investor choice. A number of these trusts have been renamed to reflect finely tuned adjustments to their investment policy.

We've called them 'Selected Opportunities', and they concentrate on particular investment sectors or geographical areas. These trusts aim to produce superior long term capital growth, although the potentially higher reward is balanced by correspondingly greater volatility.

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Agents' taxing task

IN THE NEWS

IF AS AN expatriate you retain a source of income in the UK, the balance of probability is that it will arise from property letting. In this instance, your non-residence provides no immunity from UK tax, but even so, you may be surprised at the speed with which the long arm of the Inland Revenue makes itself felt.

The UK Government, conscious that expatriates are largely beyond the reach of British revenue laws, has given Inspectors of Taxes special powers to ensure the recovery of any tax due with as little problem as possible. Unfortunately, this has resulted in the employment of a somewhat blunt instrument.

If, as most expatriates do, you *use the services of an agent, it is* important to realise that Section 78 of the Taxes Management Act makes him personally responsible for any tax payable whether or not he has funds in hand at the time. Naturally agents endeavour to protect themselves from such an uncomfortable situation by utilising their statutory authority to make retentions from the rents they collect. *Unfortunately this is* prone to generate client hostility, much of which is unjustified.

However, that hostility is sometimes well justified, for example in the case of agents who insist on retaining tax at 27 per cent of the rent, even though they have themselves paid certain expenses which they know to be deductible for tax purposes, or agents who refuse to pay the client interest on the retentions they have made. If you have such an agent, you should waste no time in making alternative arrangements. You do not want your funds tied up doing nothing for months, either in the hands of your agent or the Inland Revenue. Excessive tax paid on January 1 may take a year or more to recover.

On the other hand, it is entirely reasonable that your agent should have protection against the proper demands of the Inland Revenue. In practice, it is nearly always possible to negotiate arrangements satisfactory to both parties.

You should certainly not accept anything more burdensome than deduction of tax at 27 per cent of the rent, less *expenses paid away. But* even this may be unsatisfactory if there are outgoings which you meet yourself (such as mortgage interest) and of which your agent is unaware. Nor can he adjust for your accountant's fees, the 10 per cent wear and tear allowance (for furnished lettings) or the fact that your wife, a co-owner, may remain a UK resident. This last point alone could halve the tax payable.

Special arrangements might be possible in relation to all of these things. For example, if you can give your agent evidence of the mortgage interest payable for the year, he may be willing to reduce his retention accordingly and similarly if your wife remains a UK tax resident.

Agents will often feel more secure in settling such matters if the determination of the tax assessments are in the hands of an expatriate specialist. Indeed, in such cases the agent may be willing to restrict his retentions to the specialist's estimate of the liability. But complete trust is necessary, for if a mistake is made and the retention is too small, *it is the agent* who has to find the tax.

At the same, unless the retention *involves* only a *small* amount, you should expect to receive the benefit of interest on it. In this regard *it is* important that even though you are a non-resident your agent is permitted to pay the interest gross, provided that the retention is not obviously excessive and he has power to draw on it only to pay tax liabilities (ie you are not using him as a banker).

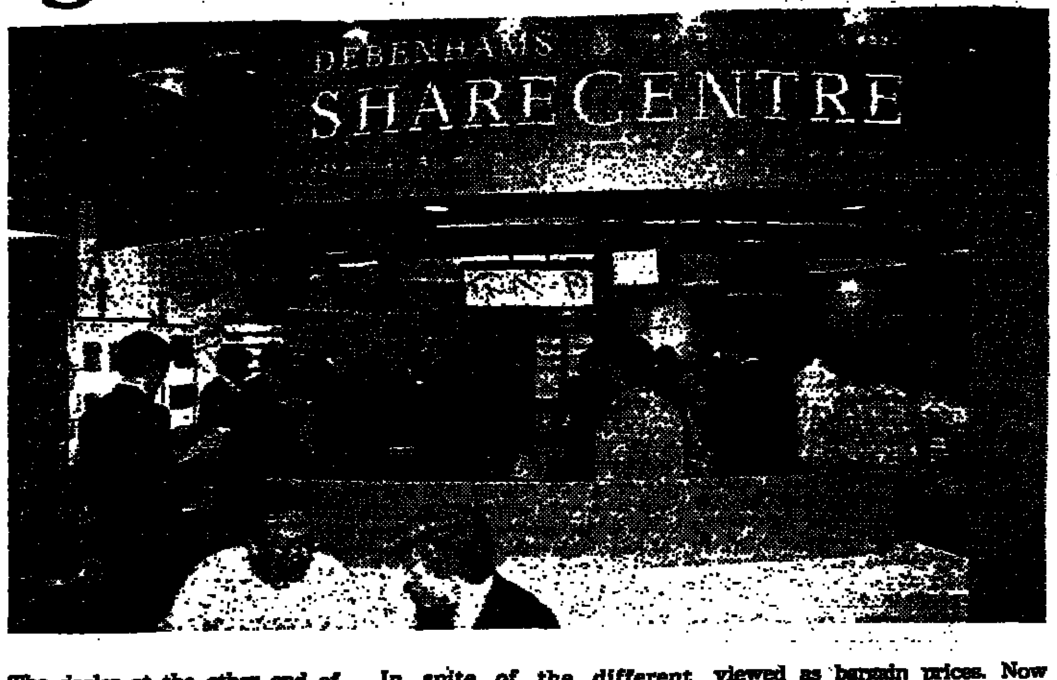
If you are a non-resident Crown Servant or pensioner, all of these problems will pass you *by as your agent will be released* from his statutory obligations. The theory behind this concession appears to be that since your salary or pension arises in the UK, deductions can if necessary be made from it to recover any tax you fail to pay on your letting profits. But this treatment does not appear to extend to commercial pensioners.

However, should you be one of the minority of expatriate landlords who let direct to a tenant, you have no room for manoeuvre at all. In these circumstances, the law requires your tenant to deduct tax of 27 per cent from the gross rents and to pay it over to them immediately. You are then left to claim relief for your expenses after the end of the tax year concerned. It has to be said that tenants often fail to make such deductions through ignorance of their responsibilities.

Donald Elkin is a director of Wilfred T Fry of Worthing.

John Edwards finds 'chain store' stockbroking is a growing success

Shopping for a shares bargain



HOW DID the British public react to the stock market crash? With great fortitude, according to the experience of the London share shops.

"There was a lot of selling on day one (October 19 - Black Monday)," according to Matthew Orr, director of Debenhams Investors Services. "But after that the main interest was in buying. Before Black Monday, share dealing from customers was in the ratio of 60 per cent sales and 40 per cent purchases. Then it turned round to 80 per cent purchases and 20 per cent sales."

Instead of being scared off by the crash, customers at the Debenhams share shop stepped up dealings. Trading turnover rose substantially. It seems clients viewed the 30 per cent drop in stock market values as an opportunity to buy at "reasonable" prices, shares which they previously could not afford, according to Orr.

He feels the crash was useful in bringing home to customers the fact that shares really can go down as well as up. Before October 19 everyone made money without really understanding the stock market. Now they realise that a risk exists and this is a great advance in investor education, he says.

Orr believes that the crash will have little effect on the drive towards wider share ownership and the popularity of share shops. Debenhams is going ahead with plans to open another share shop at the Harvey Nichols London department store on December 14 as part of a longer-term plan to have share centres in some 30 to 40 of the group's stores throughout Britain.

They are viewed by the Burton group as a seperate profit centre since the bulk of share shop clients are male and not the normal Debenham shopper. The group's two existing share shops (in London and Bristol) offer information, advice, and provide facilities to deal on the spot. Share dealing commission rates charged are 1.65 per cent of the value, with a minimum of £22, *so below £1,333* you are paying a higher percentage. In fact the average trade is £1,500.

However, to promote the idea of an accessible stockbroker to an even wider public, Debenhams has also launched the Teletrade service, which enables you not only to deal by telephone but also to receive some basic information and advice.

You pay a registration fee of £10 and are then given a card and an account number, which enables you to deal by telephone up to your agreed trading limit. The dealer at the other end of the *phone has two screens: one* to check your risk profile based on information and credit references *provided;* the *other* providing market information and current share prices.

You are charged the same deal*ing rate of 1.65 per cent. Contract notes are sent out* within 24 hours. But if you fail to pay your account on the due settlement date, you *face paying interest at eight per cent* above the current Libor (London Interbank Offered Rate).

So far there are some 4,000 Teletrade card holders, but Orr believes there is scope *for* considerable expansion for share trading outside the traditional stockbroking clientele. He claims that many people are put off by pin stripes but are attracted by the Debenhams approach, where "losing your shirt" acquires a new meaning.

Down the road in Oxford Street, Quilter Goodison (who founded the Debenham share shops in London and Bristol *some two years) has now opened* in Selfridges instead. Quilter Goodison and Debenhams parted company earlier this year when they were unable to agree about the future direction of the share shops.

Dr Honeybourne, chief executive of Quilter Goodison, said the firm was seeking to appeal to a different market sector and was not interested in a joint venture proposed by the Burton group. It decided to go it alone and seek other money centre locations, which it still sees as a growth area for stockbroking.

In spite of the *different* approach, Dr Honeybourne reported a similar reaction from the public to the stock market crash. There had been little selling, but increased dealing activity initially with buyers keen to pick up shares at what were viewed as bargain prices. Now the majority are adopting a wait and see policy, holding on to their shares.

At Selfridges, Quilter Goodison has a slightly higher minimum charge of £25, with dealing commission of 1.65 per cent.

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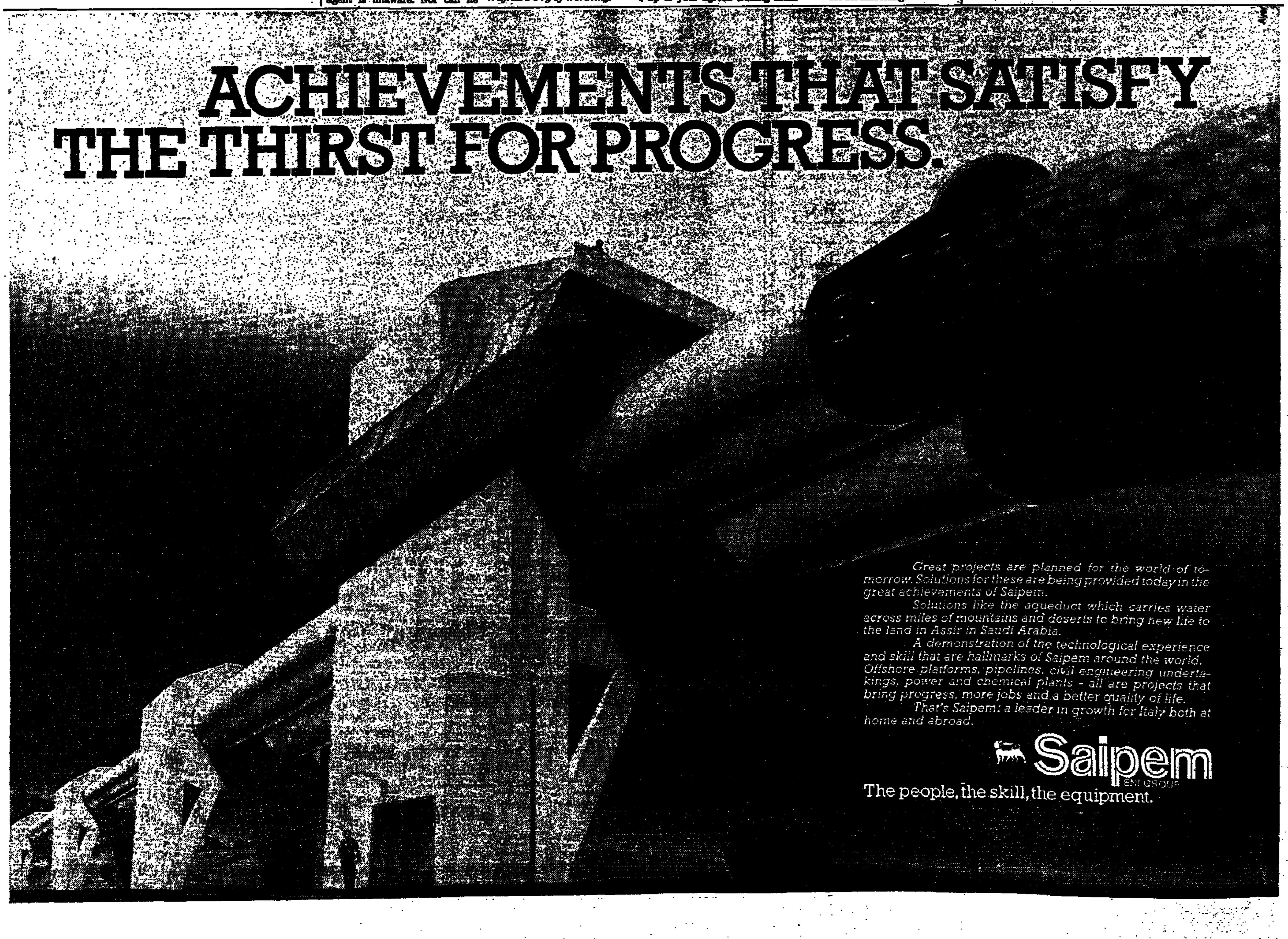
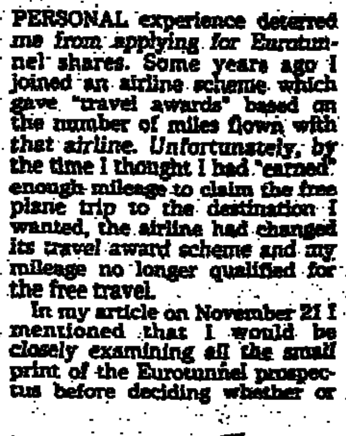


Kevin Goldstein-Jackson on his reasons for avoiding Eurotunnel

Travel trouble

PERSONAL experience deterred me from applying for Eurotunnel shares. Some years ago I joined an airline scheme which gave "travel awards" based on the number of miles flown with that airline. Unfortunately, by the time I thought I had "earned" enough mileage to claim the free plane trip to the destination I wanted, the airline had changed its travel award scheme and my mileage no longer qualified for the free travel.

In my article on November 21 I mentioned that I would be closely examining all the small print of the Eurotunnel prospectus before deciding whether or



not to apply for its shares. Not mentioned in the miniprospectus, but detailed on page 105 of the full prospectus, were the conditions relating to the "termination and amendment of travel privileges."

These included the right of the Eurotunnel directors to end the travel privileges "if they determined that their continuance may be or become materially prejudicial to the unit holders as a whole." Did this mean that if thousands of people used their free travel privileges, those free perks would eventually be terminated because they were occupying too many spaces on the Eurotunnel trains, which deprived the company of too much revenue by being unable to sell those spaces? This, plus safety concerns, made me avoid the Eurotunnel offer.

The Japanese stock market has not fallen by as much as other stock markets. In recent years the yen has risen rapidly against the US dollar and yet Japanese companies have still managed to increase their exports. Some people have claimed, therefore, that Japanese shares will continue to be a good, safe investment.

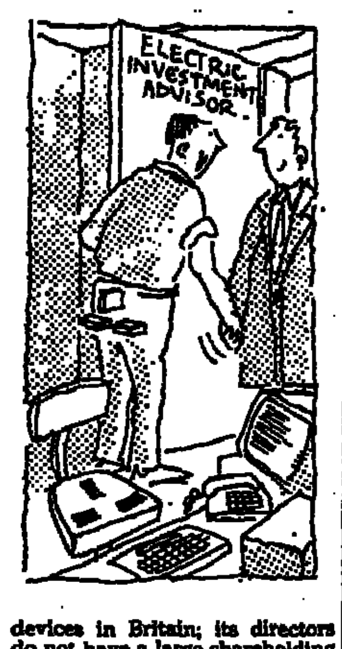
I am not convinced. Why? Because of recent personal experiences with Japanese products. In September 1985 I bought a Fisher video cassette recorder made in Japan. Fisher is owned by Sanyo Electric Company. In early October this year the VCR ceased to function. As it was covered by an extended guarantee I returned it to the dealer. He "repaired" it. One day later the same fault developed and it broke down again. The machine was returned to the dealer on October 14. Even at the end of November I was still being told by the dealer that they could not repair it "because we are still waiting for parts from Fisher."

In the past, Japanese products were sold on the strength of their supposed reliability and efficiency of service. What has happened to it? Last year I bought a Hitachi colour TV. This was made in Finland. The day the TV arrived the Teletext did not work properly. It took three visits by repairmen to put it right - and now the colour control seems to have a fault.

If GEC was to use some of its "cash mountain" to recruit suitable management and staff to establish a large, highly automated, single-union new plant to produce reliable British TV sets and video cassette recorders, I might well be tempted to buy GEC shares.

Reliable, easy to use, quality British TVs and VCRs should, if marketed properly, be able to overcome the present Japanese dominance of the market, boost British exports, and be very profitable. It would also help to further reduce GEC's reliance on government and military contracts.

Finally, a happier experience. In 1984 I bought shares in MK Electric for 288p each because I felt the company seemed a likely takeover target. It is the largest supplier of electrical wiring



devices in Britain; its directors do not have a large shareholding and the company should surely appeal to a predator wanting to acquire a large market share of basic products such as electric switches and power sockets.

In 1986 and earlier this year, I thought about selling my shares. But then I remembered how often I had moved house over the years and had to install new light switches, doorbells, extra power points - and such experiences demonstrated how much I had come to rely upon MK products. So had millions of other people. I therefore retained them.

On November 24 RTZ announced a bid for MK of 550p per share and, since then, MK shares have risen much higher due to the interest of the Legrand Group of France.

Still a friend in need

John Burke finds friendly societies still hoping for legislation to let them offer their full potential

FRIENDLY SOCIETIES have a great, if limited, advantage in being able to offer tax-free investment benefits. Yet they are usually regarded as the Cinderella among financial institutions. On the other hand, in the current climate it is worth recalling who actually went from rags to riches.

Admittedly, the friendly societies hardly see Nigel Lawson as their Prince Charming, since his budget of 1984 gave several of them an unhappy ending. However, the 350 survivors are still doing good but limited business while awaiting a fairy godmother to inspire less stingy legislation for the benefit of about 2m members.

Type-cast for this role might be Professor Victor Morgan of the Institute of Economic Affairs. Just over a year ago he published The Friendly Societies in the Welfare State, the basic message of which was that mutual self-help organisations of this kind should be closer to the present Government's heart.

Professor Morgan's main recommendation is that friendly societies should have the limit raised on their life policies so that tax-free sums assured can go up from the £750, imposed three years ago, to £5,000. He would also like them to be allowed into non-life areas, ranging from loans and agency business to reinsurance and personal pensions.

The report, commissioned by the National Conference of Friendly Societies, traces their history back to mediaeval guilds and notes that their heyday was during the Industrial Revolution, which saw the birth of six of today's leading societies.

The oldest and largest, founded in 1810,is the Independent Order of Oddfellows Manchester Unity, which is proving that it can still operate useful schemes for the general public. Its associated life insurance collecting society, MULIC, uses Northern Rock Building Society for ten-year plans covering either mortgages or investment.

The latter, called Moneymaker, offers two choices to any UK resident aged between 16 and 69. Savers can invest a lump-sum of £800 or else pay in £8.33 per month - which works out at virtually £1,000 for the whole period. The society is coy about the rate of return on the lump-sum, but guarantees that the monthly plan will always earn 1 per cent more than Northern Rock's preference shares (which currently pay 5 per cent).

Either way, the friendly society recoups income tax deducted from the building society's interest, although part of this bonus goes towards MULIC's management charges and the life cover. The standard assurance cover is only £750 and, in practice, this decreases by the amount of each instalment so that eventually the total value of the fund instead is paid out on death - or at the end of the ten years.

All the above amounts can be doubled for husband and wife, but by law no individual may join more than one friendly scheme at a time.

An alternative scheme is run by a modern friendly society, Homeowners of Harrogate, which has teamed up with Bradford & Bingley Building Society as well as Principality and Leeds & Holbeck.

Homeowners, whose age limits are 17 and 70, provides three means of High Return saving with the same tax-free assurance decreasing from £750. A lump-sum of £1,000 can be put in one of the linked building societies for gradual transfer to Homeowners or else £100 per year or £9 per month will be taken from the bank by direct debit.

The current return is 8.68 per cent on the lump sum; 8.74 per cent on the monthly plan; and 9.32 per cent on the annual one. Homeowners claims that its management charges beat all rivals and, in all events, it promises to pay out up to one-third more than a building society's ordinary account.

However, less sure is another innovation from Homeowners whereby half of the kitty is invested in British and foreign Blue Chip shares on the advice of the stockbrokers, Scrimgeour Vickers. This Portfolio Plan, which still keeps half the fund in a building society, is now being challenged by a scheme from Lancashire & Yorkshire based in Sheffield. This time the £9 per month or £100 per year are divided between one of the best fixed interest funds and a selection of the leading performers among unit trusts.

As a special offer, Lancashire & Yorkshire has arranged £10,000 of personal accident cover through Lloyd's for twelve months to anyone contributing a lump-sum of £805 instead by 28 November. Otherwise, there is the standard £750 covered for ten years by Canterbury Life Assurance Co.

Fleet Friendly Society, based in London, has even managed to arrange a club to promote personal equity plans in addition to its 1500 plan which puts the money into unit trusts. The annual instalments are £200 for ten years (or else a purchased annuity) and the age limits are 18 to 69. Interestingly, Fleet provides variable life cover, using £1,500 as the base.

Several other friendly societies are finding ingenious ways to diversify despite the squeeze on baby bonds which involved covenanting. For example, Tunbridge Wells (founded in 1881) can provide mortages in conjunction with building societies.

The problem is that while friendly societies should be able to offer something extra because of their tax exempt status, the limitation on size means that the extra benefits tend to be swallowed up by the high costs involved in handling lots of small sums of money. They will, therefore, hope that Professor Morgan's report will draw a more sympathetic attitude from the Chancellor towards friendly societies than he has in the past.

Societies fight back

BUILDING SOCIETIES are fighting back in the mortgage war. Northern Rock, the Newcastle-based society, has cut its interest rate to 9.9 per cent for home loans of £50,000 and more, making it competitive with the current cheapest lenders, Sumitomo Bank and Girobank.

Northern Rock also reduced its new rate for home loans below £50,000 to 10.1 per cent, in line with Abbey National. Previously it had followed the Halifax in coming down to 10.3 per cent.

National Home Loans has cut its rates by 0.95 to 10.3 per cent for endowment and pension-linked mortgages for home purchases and 10.8 for remortgages. It charges an extra 0.25 per cent for repayment loans.

Among specialists, First Mortgage Securities has reduced the variable rate on its First Rate home loans (available exclusively through Sun Alliance) to 9.95 per cent for new and existing borrowers. The company guarantees this will be maintained at least 0.25 per cent below the average of the top five building societies for 12 months.

Under the group's other mortgage scheme - First Choice, available through the Life Association of Scotland - the variable rate has been reduced to 9.95 per cent.

John Edwards

A fairer share

Richard Waters on the easing of a tax burden

ARRANGEMENTS for employees to obtain shares in their companies have been bedevilled in the past by over-zealous attempts by the Inland Revenue to catch tax-avoiders.

One of the more draconian of the Revenue's anti-avoidance rules is now to be amended - to the relief of tax experts. Although not creating a new opportunity for tax-efficient investment in shares, it at least eases a burden which may have made share incentive schemes less attractive than they might be.

The offending rule, contained in section 79 of The Finance Act 1972, was designed to prevent companies loading artificial gains into shares held by their employees. Since capital gains tax rates have historically been lower than income tax rates (and the first £6,600 of capital gains in any tax year is exempt anyway) making a profit on shares is a more tax-efficient way to be paid than receiving a pay cheque. Hence the Revenue's concern.

Under section 79 it was able to charge capital gains on the relevant shares to income tax under certain circumstances. Capital gains made within seven years of acquisition of the shares could be caught. This potentially caught all capital gains on shares, including those created by a rise in the underlying value of the company. Employees found their genuine capital gains taxed as income.

Managers and employees taking up shares in a management or employee buy-out have found themselves particularly vulnerable. Tax advisers have found ways around them but this is no substitute for clearer law.

Section 79 was triggered if any shares issued to employees were "subject to certain restrictions." In practice, this rule could apply to many circumstances under which shares are issued to employees, for instance, if a loan was made by a company to help the employee to buy them, and the shares used as security for the loan.

Under proposed rules to be enacted in the next Finance Act, the anti-avoidance provision will be triggered only when the value of employee shares are enhanced either by lifting or varying a restriction on them, or attaching a new right to them. This, says the Revenue, will catch only the real avoiders.

The relaxation of section 79 is also meant to make it easier for employees in a subsidiary company to benefit from shares in their own part of the group, rather than the group as a whole. Groups may want to reward employees with shares in their own operating company.

At the moment, almost all such shareholdings are caught by section 79. The possibility that exists within groups of shifting value between individual companies has always been a taxman's nightmare, and the Revenue has responded by drawing excessively tight rules around the area - catching the innocent as well as the guilty.

The rule is to be relaxed, but only for subsidiaries whose business is demonstrably independent from other companies in the group.

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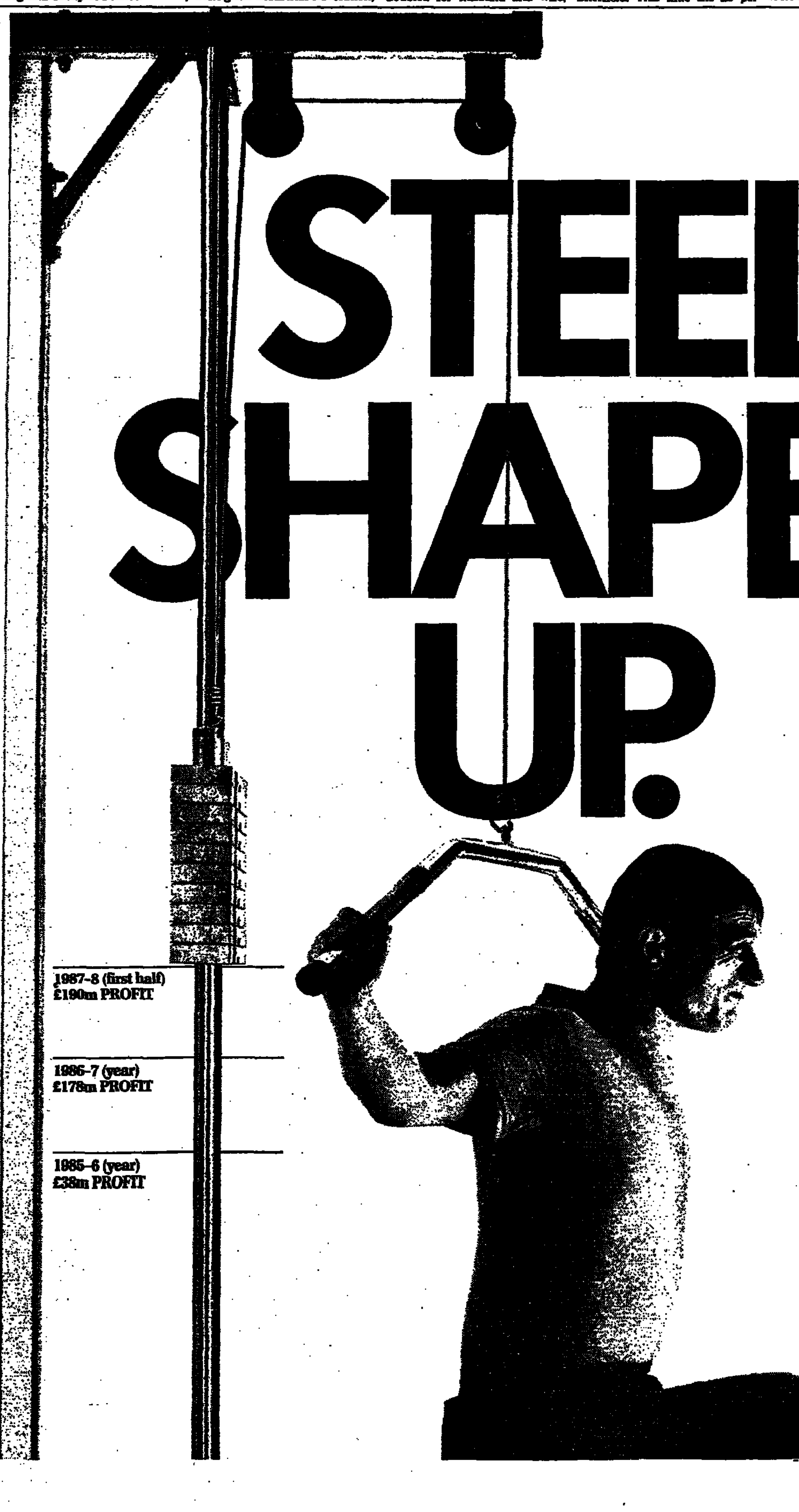

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There's still need to rationalise excess steelmaking capacity in the Common Market; so that the whole industry, not just British Steel, can become more cost-effective.

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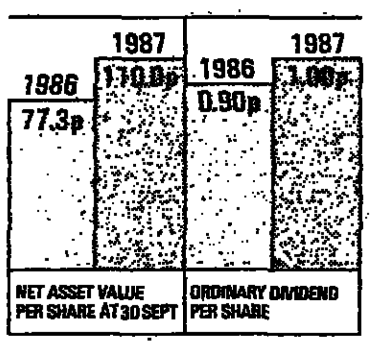

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• FINANCE & THE FAMILY •

Dilatory registrars

In anticipation of the present crash in the market I sold nearly all my shares, including British Gas, but inherited 600 British Gas in June 1987. Since July I have been trying to get a certificate so that I could sell, and the registrars have had the documents for weeks even though it took them many weeks to send the necessary forms. Is it possible to sue for my loss due to their negligence?

We suggest that you contact the surveillance section at the London Stock Exchange to hasten the process of issuing and delivering your share certificate. We cannot tell whether you might have a claim in negligence without knowing the registrars' explanation of their dilatory conduct.

Closed comment

I hold shares in a closed company which I wish to sell back to the company. I understand that under the 1981-2 Finance Act this is now permissable, but I am not aware of the procedures to be followed in doing this and also feel there could be tax implications.

The requisite procedure is stipulated in sections 162-166 of the Companies Act 1985. It would be wise to obtain professional advice before carrying out your proposal - you may wish to instruct your accountant to make the necessary arrangements including any alteration of the Articles of Association which may be necessary.

Alarming tale

A few years ago we had a burglar alarm fitted. This sounds an alarm outside the house with a relay alarm in the local police station. For this I paid a substantial fee followed by quarterly rental payments of £33.81. On two occasions we set the alarm off and were charged about £30 for a mechanic to re-set it - fair enough!

Another time the alarm went off in the night. We managed to stop the police making an unnecessary visit and reported the matter to the installers. Their man could find no reason for this false alarm; set the machine and left. No charge was made for this. The quarterly rent pays for an exhaustive quarterly check by their mechanic.

One night we had two thunder-storms. Our house is in an exposed position, but I could see that the storm, which came in over the sea, was going to miss us. At 3am a second, more severe storm came in and was obviously going to pass over our house. I expected the house to be struck but we escaped, although a house less than a mile away was struck and destroyed by the ensuing fire.

At 7am I got up to see what damage had been done in my garden. A policeman then called to see if we were all right. He told me that our alarm extension in the police station had gone off, in common with several others, and advised me to report the matter. This I did and a mechanic arrived and spent 20 minutes resetting the apparatus. The company then sent me an account for £46 for this visit. When I protested at being asked to pay for an incident that was not my fault I was told that, being Saturday, they had to pay wages at four times the weekly rate.

I pointed out that I had not asked for urgent attention and that surely it was not usual to pay such a high multiple for overtime. As they persisted in their demand I claimed under my insurance policy under the heading Lightening Damage. The company refused to pay but made no suggestion as to what I should do with the bill. I am now paying the amount demanded but I would appreciate your comments on the matter.

Unfortunately there is nothing you can do other than to arrange with another company to service your alarm in future. If your contract with the company did not make specific provision to, cover calls to remedy future faults, you would have been entitled to refuse to pay the £45 and offer a reasonable sum on a "quantum meruit" basis instead, say £23 or £25.

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Service shock

I have a lease on one of four flats in a converted Victorian house. Another tenant disputed the service charges and witheld payment. The landlords sued successfully but were not awarded costs. I have now been saddled with 25 per cent of these charges since the landlords claim that the lease entitles them to off-load the costs onto the leaseholders. It seems grossly unfair that I should be liable for my landlords' costs in a case that has nothing to do with me. Is this general?

Furthermore, the landlords are reclaiming the VAT as well as the legal costs. Surely, if they are registered for VAT, this is fraudulent, since they will have already recouped this on their VAT return?

It is quite possible that the lease does make such a provision. You must examine check the terms. It is not unusual for service charge provisions to include the cost of enforcing covenants in the other leases. However, if the provision is limited to the reasonable or proper costs of doing so you can argue that the court's refusal to award costs shows that the costs are not reasonable or not proper costs.

Survival clauses

My wife and I are both 60 and have two married daughters. The tenancy of our house is already held as 'Tenants in Common' and both our wills stipulate that the monies go to the survivor and then to the daughters. There is a 30-day survival clause written into the wills and a Deed of Variation is also lodged with the wills.

To reduce Inheritance Tax, is it necessary to write into the wills that, on the death of either of us, one half is left to our daughters or can that be achieved by the use of the Deed of Variation after the first death? Would the same answer also apply if both of us were killed in a car crash?

It is not clear from your letter whether your wills provide for the testator's share in the house to pass to the survivor or only for other assets to do so. For Inheritance Tax purposes it is better if the share of the first to die goes to the children straight away. It is also unclear what provision is made by the Deed of Variation to which you refer. The 30-day clause is designed to avoid the problems presented by simultaneous or near-simultaneous deaths.

CHESS

PAUL MORPHY, born 150 years ago and the first great American chessplayer, is a chess personality who has fascinated biographers and inspired at least one novel. He was known as the pride and sorrow of chess: the pride because of the dazzling wins which made him best player in the world in a brief career of two years (1857-9); the sorrow because, like Bobby Fischer a century later, he retired early and became a solitary recluse.

Morphy's career was brief yet emphatic victories arguments have continued over his true strength. He defeated Harrwitz and Anderssen, the best active Europeans in the mid-1850s, and the style was so convincing and clean-cut as to presage much later generations. His fourth game against Harrwitz could pass for one of Fischer's wins over Taimanov, while his seventh against Anderssen has something of Alekhine in the 1930s:

White: Morphy. Black: Anderssen.
Centre Counter (7th game 1857)

1 P-K4, P-Q4; 2 PxP, QxP; 3 N-QB3, Q-QR4; 4 P-Q4, P-K4; 5 PXP, QXKP ch; 6 B-K2, B-QN5; 7 N-B3, BXN ch; 8 PXB, QXPch; 9 B-Q2, Q-B4; 10 R-QN1, N-QB3; 11 O-O, N-B3; 12 B-KB4.

White's good development outweighs a pawn, so it is inconsequential to go for material equality. Here 12 R-N5 or 12 P-B4 would keep up the pressure.

12...O-O; 13 BXP, N-Q5; 14 QXN, QXB; 15 B-Q3, B-N5?

Black could equalise by P-KR3, stopping the knight attack.

16 N-N5! KR-Q1; 17 Q-N4, B-B1; 18 KR-K1, P-QR4; 19 Q-K7, QXQ; 20 RXQ, N-Q4; 21 BXP ch, K-R1; 22 RXBP, N-B6; 23 R-K1, NXP; 24 R-B4, R-R3; 25 B-Q3, Resigns.

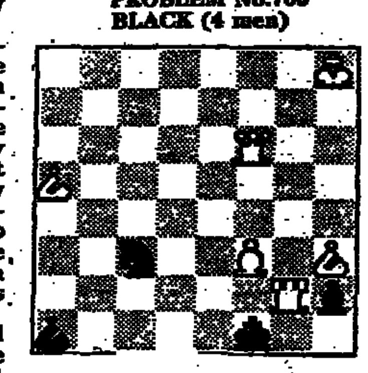
In games like this Morphy was ahead of his time, understanding better than contemporaries the significance of rapid development and of superior strike force in an open game. His flair for economy of means meant that his best games gave an impression of simplicity and flow. Morphy also had an excellent memory - it was said that as a law student he could recite verbatim most of the Civil Code of Louisiana - and by the standards of the 1850s he was up to the minute in opening theory.

Beyond that, though, were character weaknesses. The interesting journal Chess Notes (obtainable from 9 rue de la *Maladiere, Geneva, Switzerland*) recently quoted unpublished letters from Morphy's assistant, Edge which remarked on his laziness. Unlike Fischer, who was a fantastically dedicated professional, Morphy scorned full-time chess and thus it is hard to believe that, transmuted, he would have made a similar impact against later generations. Even by the time of Steinitz in the 1880s international chess was already a game of tournament tours such as we have today, while Morphy played only one tournament.

Morphy's most impressive victory was his 8-3 match score against Anderssen, who had won the London 1851 event, was successful in tournaments in the 1860s and 1870s, and lost only narrowly to Steinitz. He was out of form when he played Morphy and made the oft-quoted comment that "it is impossible to keep one's excellence in a little glass casket, like a jewel ... it can *only be preserved by continuous* and good practice".

Anderssen played dreadful openings against Morphy: the Centre Counter as above, 1 P-QR3 with White, and an unsound Ruy Lopez variation for which Morphy was prepared. Morphy showed no interest in a return series, and virtually abandoned chess immediately afterwoods. How would we assess Mikhail Tal if his career had stopped after his first match with Botvinnik? Morphy was a great player, but the real chess heroes are the durable characters like Lasker and Karpov whose technique survive the years and the counters of the younger rivals.

PROBLEM No.700
BLACK (4 men)



WHITE (6 men)

White mates in two moves, against any defence (by A.M. Sparke). The black king is trapped deep in hostile territory, but his taken army can put up a surprising resistance to some of White's mate in two attempts.

Leonard Barden

BRIDGE

MY FIRST hand today comes from rubber bridge of reasonable standard:

N
♠ A Q
♥ A 7 4 3
♦ A K 5
♣ 9 7 4 3

W
♠ 10 8 6 5 4
♥ -
♦ Q 9 6 4 2
♣ K Q 8

E
♠ K 9 3 2
♥ Q J 9
♦ J 10 8
♣ 6 5 2

S
♠ J 7
♥ K 10 8 6 5 2
♦ 7 3
♣ A J 10

With both sides vulnerable, North dealt and began the bidding with one no trump, South rightly replied with four hearts, and this concluded the auction.

West opened with the five of spades, and the declarer finessed dummy's queen, losing to the king. East returned the six of clubs, the knave was played from hand, West took with the queen, and led another spade to the ace. The heart ace was cashed, and South winced when West showed out. He led another heart to his king, crossed to the king of diamonds, and led a club, finessing the 10. West took with his king, and that was one down.

"What horrible luck," said South, "Just everything was wrong," and his partner agreed.

But was it bad luck? Let us replay the hand together and see if we can do better. Instead of finessing at trick one, we win with the ace and cash the ace of hearts, and learn the bad news. We cash the king of hearts, followed by the ace and king of diamonds, and ruff the five of diamonds in hand. Then we lead a spade.

East takes his queen, and is not under pressure - he can lead back the six of clubs. We finesse the knave, which loses to the queen. West, however, is in trouble. He has no good return. Should he lead a club, it runs into our tenace. Should he lead a spade or a diamond, he concedes a ruff discard, allowing us to ruff on the table, and discard our 10 of clubs.

Not hard luck, but failure to operate a safety play.

The second hand occurred in a rubber of first class standard:

N
♠ Q 9 7 2
♥ A
♦ 9 8 4 2
♣ 7 6 4 3

W
♠ J 10 4 3
♥ Q J 10 6 2
♦ 6 5
♣ J 9

E
♠ K 5
♥ 9 8 4
♦ Q J 10 3
♣ Q 10 8 2

S
♠ A 8 6
♥ K 7 5 3
♦ A K 7
♣ A K 5

With East-West game, South dealt and bid two no trumps, North said three clubs, South rebid three hearts, and North's three no trumps was followed by three passes.

West led the heart queen, and declarer took stock. He had seven top tricks - how could he find two more? To play West for the spade king would give him the eighth trick - he would hold up for one round, if he had three cards in the suit - but there would be no hope of a ninth. No, both extra tricks must come from the spades. What distribution must he play for?

After some thought the declarer saw a gleam of hope. He must play East for the doubleton king, and operate a preliminary finesse, or intra-finesse as it is now called. At trick two he led dummy's two of spades, East played the five, South covered with his eight, and West won with the 10. A heart return was won in hand, and South cashed his spade ace, dropping the king on his right. He continued with the six, and finessed the nine. Cashing dummy's queen, he spread his hand, and claimed his contract with his four top tricks in the minor suits.

Bring off a coup like that, and you're on cloud nine.

E P C Cotter

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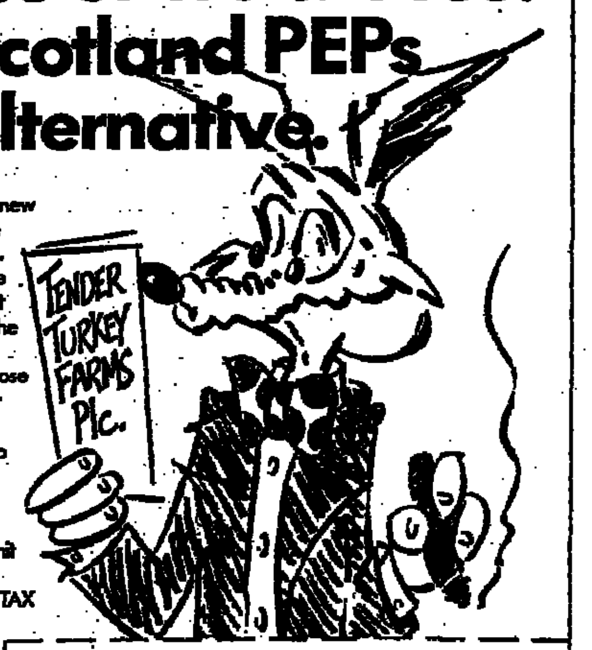

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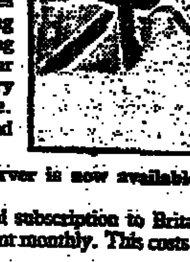

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03
The Monthly Magazine for Discerning Investors

Arnold Wilson tries the ultimate in leisure-skiing

Heights of pleasure

HIGH ABOVE a remote Austrian valley, with the rapid womp-womp-womp of its rotor blades sending tingles down your spine, a helicopter is transporting you to the ultimate adventure for leisure-skiers - heli-skiing.

Far below, carved in the otherwise undisturbed snow, are the tracks of a handful of skiers who have made the long descent before you. It looks dramatically steep and awe-inspiring.

You skim two or three of the rocky lower peaks and touch down. The door opens. Outside, the roar of the motor is deafening and cold air comes blasting into the cabin. You leap out, grab your skis and brace yourself for the iciest of blasts as the machine takes off again, leaving your small group suddenly alone in the vast, silent, beautiful wilderness of almost untouched snow.

Beneath you, as you step into your ski bindings, is a steep and snowy version of Bondi beach.

Our guide is Joe. You would never guess from his youthful looks that he is the guide who teaches the other guides. He examines the snow carefully. It is in almost perfect condition. There is virtually no danger of avalanches, but you cannot be too careful. Everyone must wear avalanche "bleepers" just in case.

"The snow is excellent," yells Joe. "We make a great run! Let's go ski!"

There is no rush. This is no frenzied downhill. In front of you is an hour or two of breathtaking skiing in perfect conditions and superb scenery. To a skier, powder such as this is like endless holes-in-one for a golfer, a hat-trick every five minutes for a Fulham striker or a tropical beach to a sun-worshipper from Oldham.

Skiing in powder is really skiing in slow-motion, astronaut-like - half-swimming and half-surfing in the fluffiest and most buoyant of crystals. Sometimes you are almost submerged by your own spray. Your head disappears in a swirl of whiteness only to pop into the bright sunshine a couple of turns later to find to your surprise that you are still skiing (or sometimes that you are not).

If you do fall - and everyone except Joe does - it can be quite tiring to extricate yourself, but injury in deep powder is rare. A lost ski can take an age to locate, and may be lost for ever.

From time to time, Joe, like Bambi's mother, will stop, sniff the breeze and prod the snow before allowing his young fawns to scurry on. At one stage he even takes a small shovel from his rucksack and digs a hole to show us a cross-section of the snow. He peers Holmes-like through a sort of magnifying glass at the crystals.

"Look," he beckons. "A thousand skiers could ski here, jump up and down, do what they like, and it wouldn't avalanche." Famous last words, we think, involuntarily. After an hour and a half of almost unmitigated bliss, we are almost back in St Anton. The helicopter picks us up again for a flight to another valley. Allowing for lunch you can do three or four such trips in a day.

"Let's go," says Joe, replenished by a bowl of goulash soup and a quick chat with Princess Caroline of Monaco whom he happens to sit next to.

For the most part, on a thrills-to-danger ratio, heli-skiing scores extremely high on excitement and low on risk. The slopes are never as steep as they look and the technique - weight on both feet, no edging, lean slightly backwards and when in doubt assume the defensive snow-plough position - is not too difficult to acquire.

Most people's anxieties and fears about powder-skiing and heli-skiing in particular are largely in the mind. Or possibly in the wallet. Heli-skiing is not cheap. But you don't have to do it every day. Why not save it for the sunniest day of your trip?

As well as at St Anton, heli-skiing can be arranged by Ski Thomson in the Jungfrau Region and at Zermatt (Switzerland), Cervinia (Italy) and Alpe d'Huez and *Les Deux Alpes in France.*

Still time to escape

Roger Beard finds that more people than ever are hoping to get away from it all during the festive season

ARE YOU already jaded by the two months of pre-Christmas hype, and dreading that oh-so-familiar turkey and trimmings meal among relatives you'd rather not be eating with, followed by a mountain of washing up? *There is still time to escape* - but only just.

For this year has seen a massive rise in Christmas week bookings to destinations from Cairo to the Caribbean, so that for many would-be escapees there will be *no* room at the inn.

Thomas Cook, that purveyor of long-distance dreams, reports all their Christmas holidays full for the winter sun-seeker. The Taj Mahal and the Pyramids will have to wait until next year, and the same is true for the majority of exotically conceived packages.

But if you are very quick and hit your travel agent today, you may still be in time to escape to that special Christmas extra.

Top of the list for those who can afford the £2,000 a head comes the sea cruise. P & O offers 17 nights on the Canberra; Southampton - Palma - Haifa - Ismia - Naples - Southampton, with Christmas Day at sea.

Places are still available at prices from £1,820 to £2,350, £150 off their brochure price, eating six times a day in what must be the most luxurious of floating holiday camps, with the BBC World Service piped to your cabin to console the solitary.

Even in this price bracket, you must hurry. Their other Princess-class cruise ships are full, apart from a Sea Princess trip from Auckland to Sydney where they offer 'cruise only' terms and a very few places on their Pacific Princess. 'Cruise only' means you find your own way to the ship, provided there is a seat left to buy on the already over-crowded flights.

Closer to home, the story is one of similar difficulty. The skiers have booked the Alpine breaks, whether or not there'll be any snow, while the less energetic are packing their tanning lotion and swimwear for the Canaries and Seychelles.

The independent traveller prepared to forego such pre-packed goodies stands far more chance to pick up late flight-only or fly-drive deals. Italian Escapades, Pilgrim Air's imaginative flexible programme can offer seven nights in Rome for £240 half and £320 full board, and similar arrangements for Venice, Florence, Naples, and Sicily.

The car and the first 150km of motoring come free, and they will arrange flights out and back from different cities, turning your holiday break into a free-wheeling tour between, say, Florence and Venice or Rome and Naples.

Their best bargain must be seven nights at Cefalu, half board for £289, where the Sicilian sun is guaranteed, as are the hair-raising habits of the Sicilian drivers.

Italian Escapades' ten destinations (Milan, Verona, Venice, Trieste, Bologna, Pisa, Florence, Rome, Naples, and Palermo) are also suited to the business traveller - particularly when you consider the astronomical cost of Italian car hire, apart from the obvious exception of Venice.

On the ground, you could do worse than take up French Railways' offer of their £50 France Vacance rail rover ticket. This gives you unlimited rail travel on any four days over a period of 15, which puts you well in pocket anywhere south of Dijon.

All you pay for are seat reservations and sleeping berths, so the overnight trip from Calais in time for breakfast in Provence, or a night or two in Paris followed by a grand "blow-out" in the gastronomique centre of the globe, Lyons, are bargains.

And the pass carries further cost-cutting concessions. There is a 50 per cent reduction on Hoverspeed flights, reduced car hire rates at over 200 stations, 10 per cent off coach excursions, hotel discounts, and reductions on museum entrance fees and guided tours.

For skiers whose furry boots won't fit into a BAC-111, SNCF has also introduced a motorail service direct to the Alps, with the single overnight Calais-Moutiers fare for a car and two starting at £172 for the 1,000km journey.

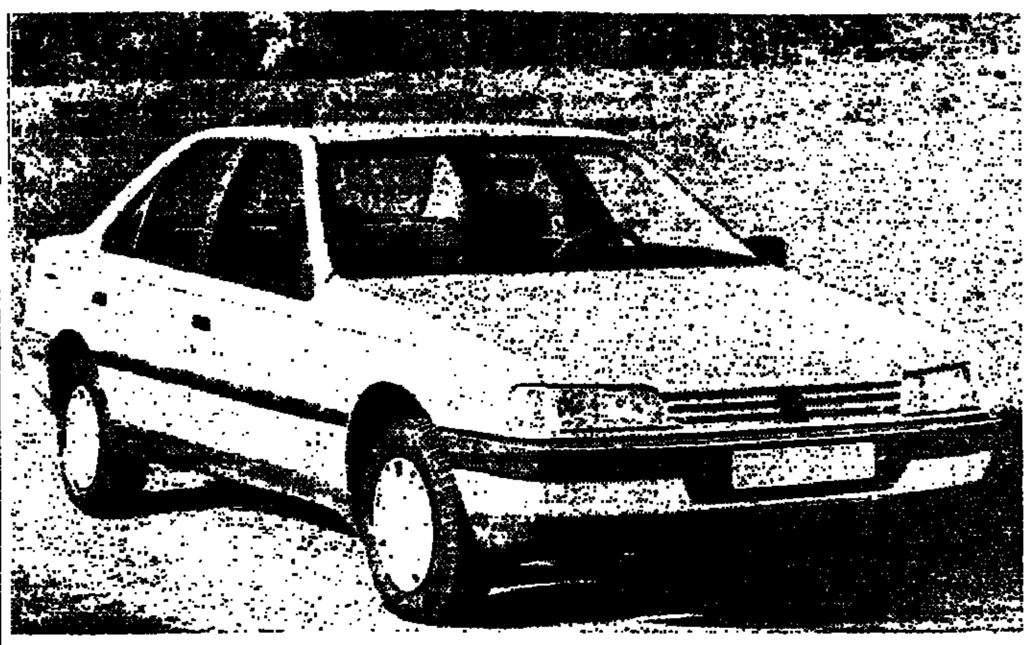
Time Off is another company offering flexible breaks to a variety of European destinations. You choose when and how you travel, by coach, train, air, hover, or ferry, and what sort of accommodation you want, and they do the rest - for seven cities including Paris, Amsterdam and Brussels.

Take Amsterdam, for instance. The accommodation comes in six classes from the small family-run to the luxurious, and there are also six ways of getting there.

This gives 36 prices for, say, five nights in a room with private bathroom from £160 per head to £393. The first is by coach and hover to a modest hotel, the second by air to Schipol to a luxury one. The prices include breakfast, service charges and taxes, and a 10 per cent winter travel discount.

As for this writer, he will be safely tucked up in Streatham with his family, three cats, two goldfish, and dog, planning his own great escape to the Rose and Crown.

***Canberra Cruises, 77 New Oxford Street, London WC1 1PP. 01-831-1331. Italian Escapades, 44 Goodge Street London W1P 2AD. 01-436-9515. French Railways, 179 Piccadilly, London, W1V 0BA. 01-409-3518. Time Off, Chester Close, Chester Street London SW1X 7BQ. 01-235-8070.**



The Peugeot 405's victory was expected, if not the wide margin

It's Peugeot - by miles

Stuart Marshall finds himself unsurprised at the winner of the European Car of the Year contest

THERE WERE no surprises in the European Car of the Year 1988 contest voting. Peugeot's 405 was an easy victor; the Citroen AX was second and the Honda Prelude third.

I had expected as much (*this* column, October 31) when I said that if I were a bookie, I would offer evens on the 405 and AX and 2-1 against the Honda Prelude. If anything was unexpected, it was the size of the Peugeot's majority 464 points against 252 for the Citroen, with the the Honda Prelude (234) uncomfortably close behind.

A Japanese car has never won Car of the Year, and unless something changes radically in the way the jurors vote, it seems that one never will. Of the eight entries this year, no fewer than six were Japanese.

Fourth place was taken by the Mazda 626, which was treading on the Honda's heels with 224 points. When marking my card I had fancied the Mazda marginally less than the Toyota Corolla and Daihatsu Charade, though I did say that these three cars would fill the fourth, fifth and six places, which they did.

Not that the Mazda 626 range did not deserve a good place in the Car of the Year line-up. They are competent cars in every way, refined, well equipped and keenly priced.

In the event the Toyota Corolla was, I believe, underrated, coming a poor fifth to the Mazda 626 with only 140 points. After that the voting took a nosedive. The Daihatsu Charade, which was sixth with 52 points, was one of three also rans. The others were the Toyota Camry (40) and the Mazda 929 a model not sold in Britain with 19.

An analysis of the result is interesting but frustrating. It shows how the 57-strong jury voted, but one can only guess why they cast their 25 votes apiece as they did.

They cannot give more than ten votes to any one car. The fact that ten jury members gave this maximum to the Peugeot is particularly significant when not one of the other entrants scored even a single ten.

The most enthusiastic support for the Peugeot came from Italy where five of the seven jurors gave it ten points. The Germans (two tens out of eight jury members) and Spaniards (two tens out of five) also backed the Peugeot heavily.

France supported the Peugeot more enthusiastically than the Citroen AX but in Britain this voting pattern was reversed. Only Italy gave the AX more votes than we did.

The Honda Prelude was backed mainly by the Italians, French and British. It had little support from Germany and the Scandinavians, who gave the Peugeot and Mazda 626 more votes than any of the other entrants.

Why were Scandinavians so lukewarm over the Prelude the first car in the world to be sold with four wheel steering? Apparently, they are not too sure how well it will perform in the ice and snow which cover many of their roads for months on end.

I doubt that the Peugeot 405's overwhelming victory, or the Citroen's relatively poor second place, will make much difference to the commercial prospects of either car. Both will continue to do very well indeed in their respective classes.

At present, the 405 *is* not on sale in Britain it goes into showrooms, British assembled and with right hand drive, on January 26. Prices have not been announced. Obviously, they will be competitive enough to steal sales from cars like the Cavalier, Sierra and Montego, just as the Citroen AX has seduced buyers away from such superminis as the Metro, Renault 5 and Fiesta.

For many years, camera lenses have been chemically coated to get rid of unwanted reflections from the glass elements.

Spectacle lenses reflect light, too. This makes people like me who need glasses to read a car's instruments, especially at night, unwilling to wear them.

I have been trying a new kind of plastic lens called Orma 992 in my glasses that lets 99.2 per cent of all light pass through to the eye.

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Auctions

The Financial Times proposes to publish this survey on the 29th January 1988.

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Financial Times
Europes Business Newspaper

Time to join the fan club

FANS HAVE a 3,000-year history and are still enjoying much attention. Major exhibitions have been mounted this year in Geneva and Munich and another is being planned in Boston. The market is sufficiently buoyant for Christie's South Kensington to hold four large specialist sales a year. *Membership of the Fan* Cirle International is up to 400.

Two years ago the Fitzwilliam Museum in Cambridge purchased the Messel-Rosse fan collection with the help of the National Heritage Memorial Fund. Some 173 Royal fans toured the country, and the Museum of London was one of a number of institutions to display its fans for the first time.

As soon as one project comes *to fruition it seems that another* is underway. In September Princess Margaret opened the Great Britain-Sasakawa Foundation Fan Gallery at the Fitzwilliam, created to house the Messel-Rosse fans and believed to be the *first permanent fan gallery in* Europe. It was also the day that The Fan Museum Trust revealed its plans to establish the world's first international centre devoted to the recording, promotion and *study of fans, in Greenwich,* South London.

The scheme is the brainchild of Helene Alexander, a fan expert and collector for more than 30 years, and the trust's president. Her collection, comprising over 1,000 fans and fan leaves - dating from 1637 - and archive material, the largest and most comprehensive collection of its kind, will form the basis of the museum's holdings.

Two handsome early Georgian townhouses were found in Crooms Hill, in the heart of tourist's Greenwich, and bought for the Trust, a registered charity, by the Victor Adda Foundation. Work is already underway on the restoration and lateral conversion of the Listed Grade II buildings, thanks to a grant from English Heritage. Their doors are expected to open to the public in spring 1989.

By providing a comprehensive reference library and archive, and a new means of studying fans that will do them least damage, the museum aims to overcome the problems that have always hindered fan scholarship. The fan collection is to be put on microfiche and examples selected for study will be handed to the visitor in an ingenious double-sided plexiglass case, invented - inexplicably - by a Swiss *gynaecologist, Dr Blaise* Volet. (The trust also owns the copyright to his neat fan stand.)

At least three thematic exhibitions a year are planned, supplemented by loans, as is a permanent diplay showing how fans were made. A separate crafts workshop will demonstrate fan-making to the public - and help to revive a dying art.

Fans Ltd., a business owned by the trust, is already producing *one-off commissioned fans,* a traditional gift to dignitaries; limited editions of commemorative fans (a pilot scheme marking the marriage of the Duke and Duchess of York proved extremely successful) and promotional paper fans. It will also manage the museum shop, selling cards, fan-related objects and museum publications (Helene Alexander is currently working on a directory of fans in museum and historic house collections in Great Britain).

The trustees intend the museum to be self-supporting. They believe the annual running costs will be met by admittance charges, the museum Friends, profits from Fans Ltd, the lease of the two maisonettes being converted at the top of the five-storey museum buildings, and the hire of the Orangery and garden (fan-shaped, of course) for private parties.

It is an enterprising project that has already attracted support from a wide range of corporate and private donors and charities - and a distinguished cast of committee members. Bequests and gifts will swell the collection further. Some 1,000 fans have been promised to the museum to date from an American collector, and the intriguing left-overs of the Parisian fan-makers Henriette Templier stand in a box in the museum office - unmade sticks, paper templates, sets of ribs for different materials, rivets, loops, fan pleaters and unpleated leaves.

Some £1m of the capital cost of the project has been raised, but a further £600,000 is still needed. For details contact: The Fan Museum Trust, 6 Turnpin Lane, Greenwich, London SE10. Tel: 01-305 1441.

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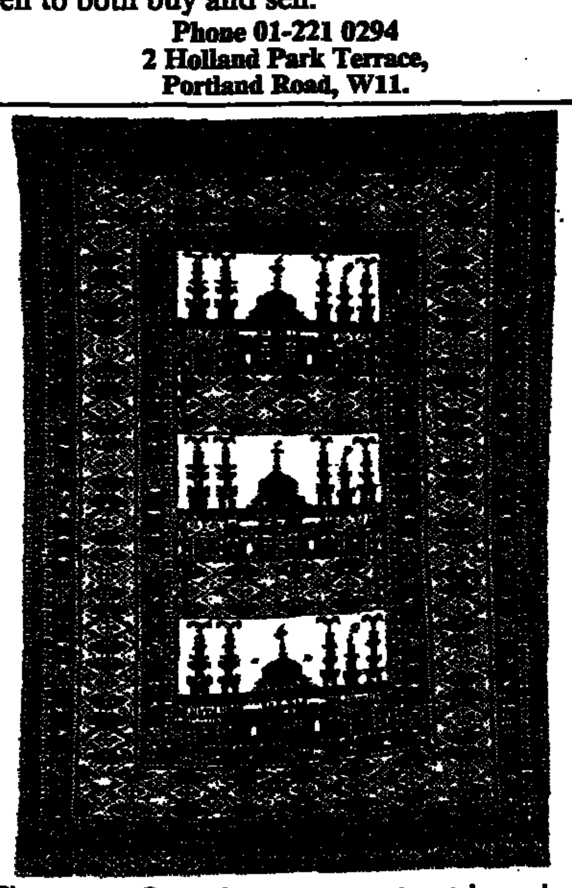

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Antony Thorncroft previews an exciting sale of Japanese prints

British Rail seeks fair return

NEXT TUESDAY Sotheby's holds its best sale of Japanese prints for many a year. Apart from the quality of the works on offer there is the added piquancy of the origin of the most important group of 33 lots - they come from the collection of the British Rail Pension Fund.

With staggering boldness, and unrivalled imagination, the pension fund was about the only significant corporate institution to take a chance on art during the economic turmoil of the mid 1970s when a collapsing Stock Market and rampant inflation questioned the appeal of traditional investments. The fund spent £40m on art, only a tiny percentage of its resources but enough to draw upon it the opprobrium of the more conservative elements in business and labour.

Art was too risky; there were no dividends to be enjoyed; the role of Sotheby's as both adviser and (often) source of the acquisitions was unethical; the declining years of retired engine drivers were under threat from this misguided obsession with high falutin' art.

This year the fund has started to sell, with mixed results. In the summer its Old Master Prints went under the hammer at Sotheby's (the one clear-cut beneficiary from the experiment), and sold for £2m. It is virtually impossible to make direct comparisons with alternative investment opportunities but the general consensus was, that with an annual appreciation of 3 per cent a year, the fund had not done too badly.

Then last month a Stubbs sporting picture was offered at Sotheby's and failed to find a buyer. It had been bought in 1975 for £60,000, but was unsold when a disappointing £100,000 was the best bid in the room: obviously, to date, it has proved a bad buy. But a day later the fund's silver, acquired for £250,000, sold for almost £1.3m, showing a very respectable profit indeed.

When you consider that the fund decided to sell at a time when the Stock Exchange, and the art market, was in a euphoric state but the works have actually started to appear in the auction room after the October crash, experiences so far have been rather encouraging. And so to the prints.

They should do well. After all the saviours of the art market in recent weeks have been the Japanese with their mighty yen: surely they collect their own prints. Well, yes. Up to 70 per cent of the British Rail collection is expected to return to Japan, but prints, rather like netsuke, do not have such a grand art reputation in Japan as they have enjoyed for over a century in the west.

In Europe, when they began to appear in the late 19th century, they proved an inspiration for the Impressionists, but at that time the Japanese were using prints as wrapping paper on the export of pots. They had been bought in the 18th and 19th centuries by the *merchant classes,* who did not aspire to lordly artifacts, and they have rarely been treated as high art. But now the Japanese are well aware that some of the finest collections are in the west and are keen to repatriate them.

The most important lot is one of the very rare (only one other is known) complete collections of Hokusai's "The Thirty Six Views of Fuji" which includes perhaps the most famous Japanese image known in the west, the print of "The great wave of Kanagawa", which inspired Debussy to write "La Mer".

The Coast of Seven Leagues in Sagami Province by Katsushika Hokusai

The album includes five prints from a later series and is in a 19th century binding. The high estimate is £380,000, which should be topped. The pension fund paid £179,864 for the album in Paris eight years ago this month, which does not suggest that it has proved a great investment. This has been a sector of the market which has progressed slowly upwards: the Japanese have concentrated on bidding wildly for European art treasures rather than their own history. There is a sad *chance that the* buyer of "Fuji" will take the easy option and split up the album, selling the prints individually for up to £20,000, and more, for the most popular.

Most of the great names of Japanese print making are among the British Rail lots: Harunobu, working in the mid 18th century and portrayer of winsome young girls, is well represented, most *notably* by "Plum blossoms at night", showing a girl holding up a lamp to a plum tree. It carries a £50,000 top estimate (the fund bought it for $69,300 in New York in 1979). Utamaro, whose prints are likely to portray courtesans and ladies of the demi-monde, is there, *with* a famous portrait of Ohisa, a tea shop waitress, expected to top *£65,000 (as against the $35,000* purchase price in New York in 1975).

A more intriguing artist is Sharaku who apparantly appeared from nowhere in 1794, produced around 200 prints of famous actors of the day, and then disappeared. Two of his prints are on offer. One, which cost the fund $35,000 in 1975, has a £65,000 top estimate while *the other, depicting an actor* playing a female role (the custom of the day) should fetch £55,000 compared with £26,400 in 1980. There are also prints by Hokusai's great successor in the later 19th century, Hiroshige.

The British Rail Pension Fund is looking for up to £1m from this auction, and should make comfortably more, given the quality of the prints in its collection. It will not represent an amazing profit, perhaps *not even* an adequate investment return, but that is not to be expected from this academic, intellectually satisfying, but rather sedate sector of the art market. Its attraction is that the tradition lives: the auction includes prints produced in the last thirty years in Japan which can be bought for fairly modest prices. And not so modest. Prints by Munakata, more abrasive than traditional *Japanese work, now cost over* £5,000. Perhaps a better buy is a drawing by Hokusai of a gamecock. It is very rare, but its likely price of up to $15,000 makes it cheaper than some of his prints.

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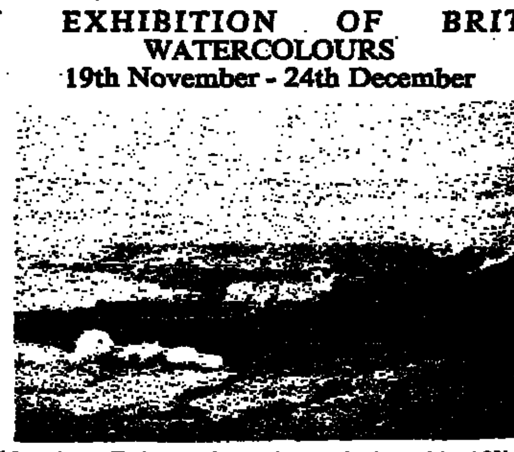

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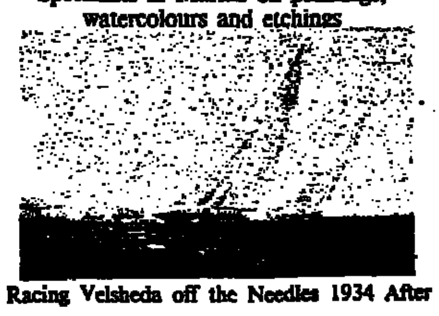

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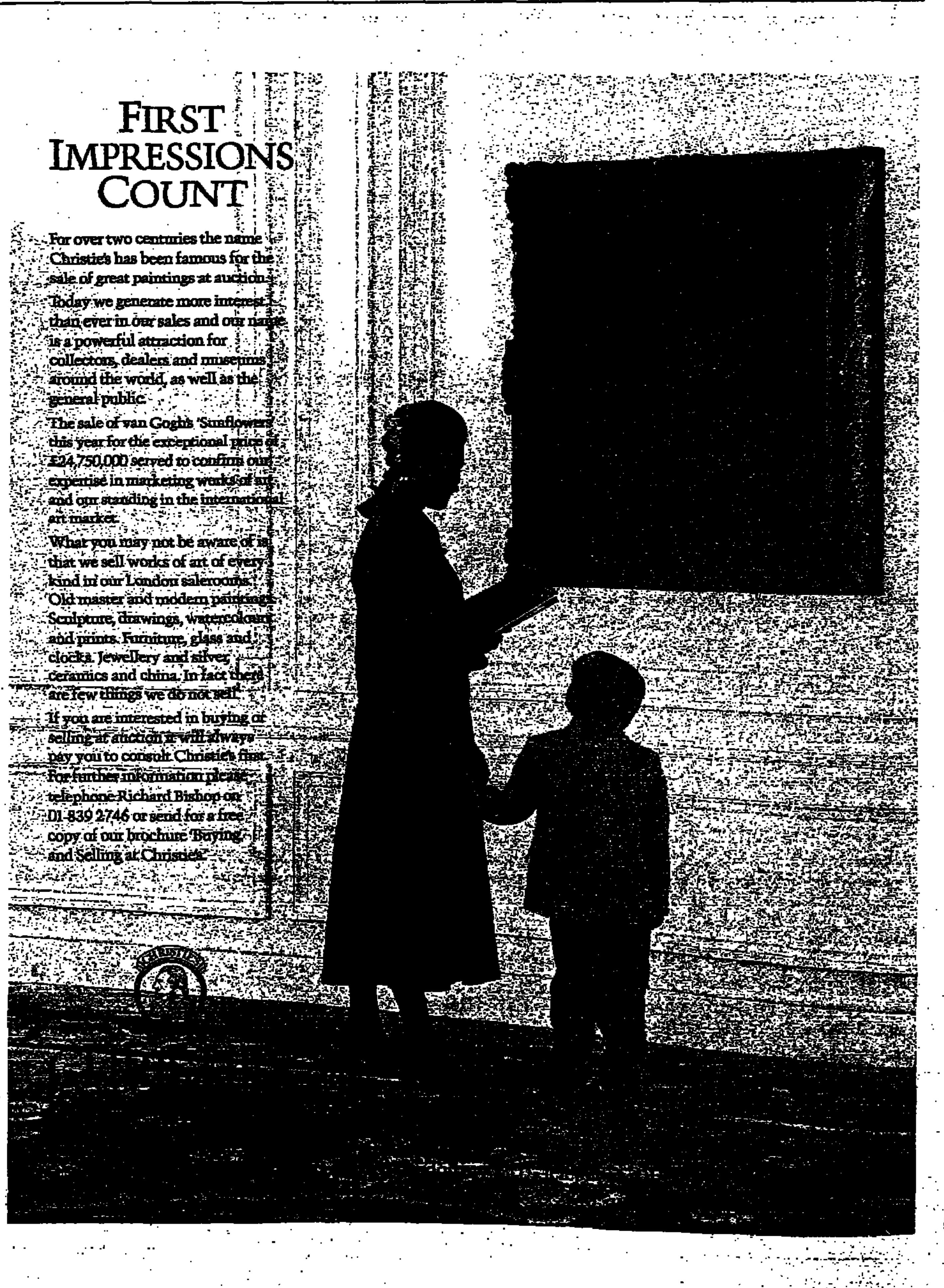

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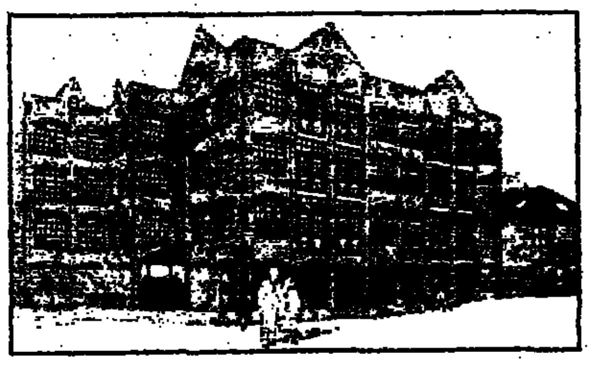

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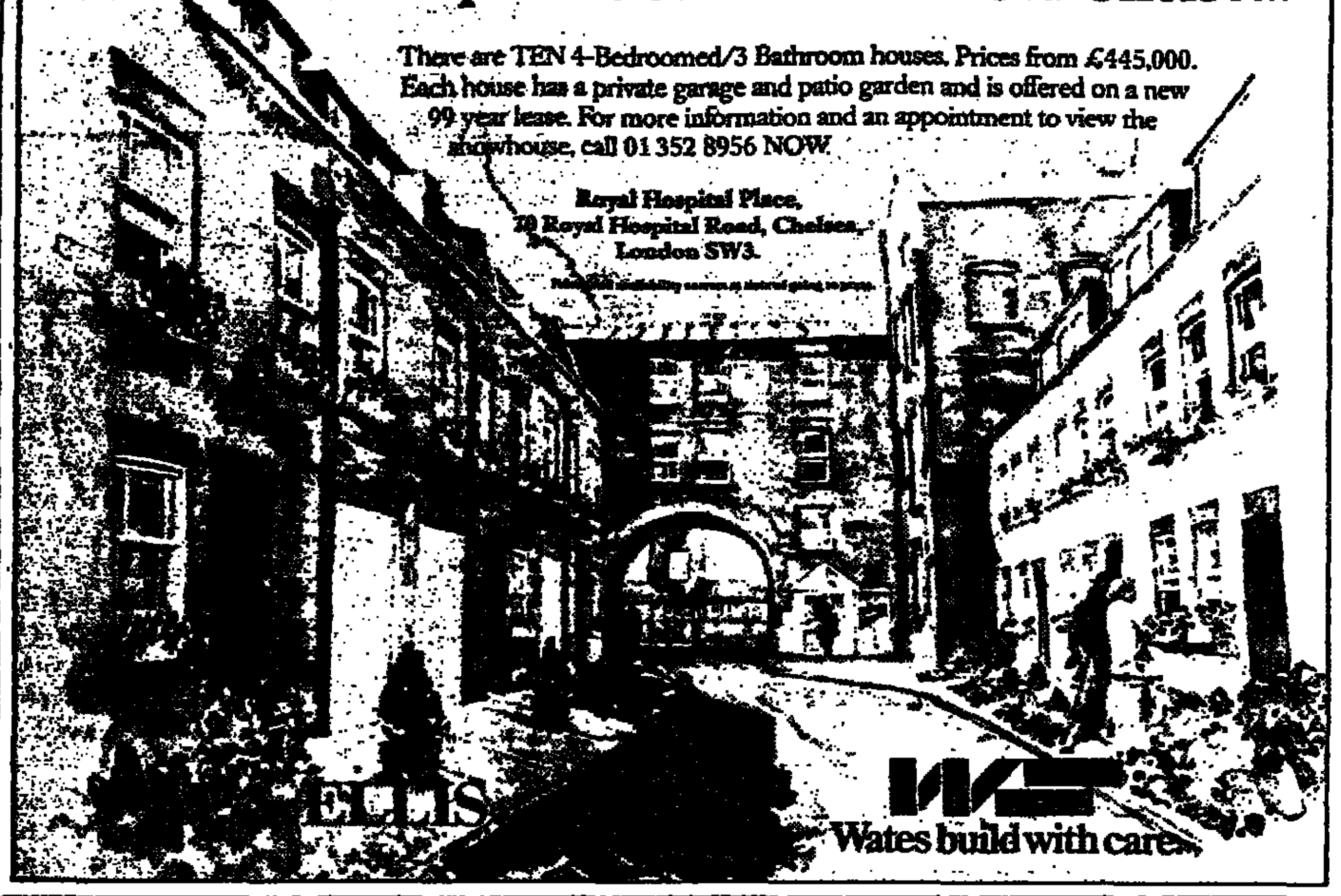

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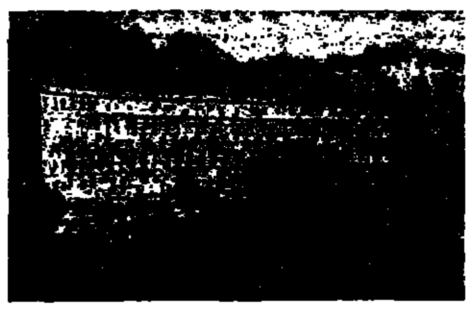

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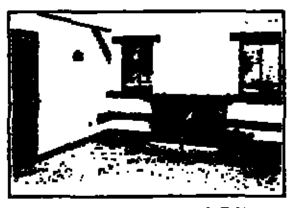

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Winchester is attracting London commuters finds John Brennan

New homes for old Wessex

COMMUTERS on the Winchester to Waterloo line are awaiting their new carriages with a stoicism born of regular travelling on British Rail's "Network South." No doubt BR is, as its adverts used to promise, "getting there," but it hasn't yet got quite as far as renewing the elderly coaches or resolving the standing-room-only crush of some of the most popular early morning and evening services on this route.

That said, the 70 minute fast-service run into Waterloo doesn't deter people who work in London from looking for homes in Winchester. And, given the particular appeal of this old Roman city and the consequent strength of local demand, incoming buyers cannot be unduly deterred by price either.

As the capital of Saxon Wessex, the fortified centre of King Alfred's domain, and a royal city well into the 16th century, Winchester packs plenty of history into streets planned with medieval traffic in mind. Emptying the contents of the M3 onto the outskirts of the city does nothing for traffic flows in the centre at any time of the year. But add in the tourist traffic attracted by the Cathedral, the remnants of Henry III's castle, and a host of other museums displaying aspects of Winchester's 2,000 year history, and it needs more than the 2,550 official car parking spaces and kerbs full of yellow lines to prevent regular snarl-ups on the roads.

Just as the historic street patterns prevent any profound surgery to improve traffic flows, so the physical borders of Winchester's surrounding high ground and water meadows - as well as the tight planning controls reinforced by the extent of the land and buildings controlled by the Cathedral and by Winchester College - ensure that new home building runs far behind the demand. Godfrey Winterson, managing director of Fox & Sons (South) calculates that there are no more than 22,000 private homes in Winchester and its suburbs, and, as he says "The supply of land for new developments is now almost exhausted."

This supply-demand imbalance has had a pressure-cooker efect on property prices. Working up from the first time buyers' price range, Sam Camps, Fox's local director, reports that even the tiniest studio apartment in the city centre would now be £35,000-plus. Three years ago the same flat in a new "infill" development near the city centre would have cost £17,000.

Anyone interested in space to swing the occasional cat would have to pay at least £41,500 for a slightly larger one-bedroom flat in a new building while one of the mini-houses in the rows of two-up two-down Victorian artisans cottages that fill the non-tourist back streets of Winchester now sell for upwards of £70,000, even in poor condition.

LIONS HALL, a block of 28 retirement apartments now nearing completion on the site of a former garage on the corner of St Thomas and St Swithun's Streets, Winchester. Only half a dozen of the two bedroom homes in this Anglia Secure Homes development remain unsold since the block stands right in the centre of the old city behind Winchester Cathedral Close. Fox & Sons Winchester office (0962-62121) are selling the remaining 99-year leases at between £99,500 and £111,500. Parking spaces under the building, an extreme rarity in the city, cost an extra £3,950. Service charges add around £25 a week to the overall costs, but that excludes heating which Anglia estimate might average another £6.70 a week.

A modernised house like that within walking distance of the station would cost £10,000 to £20,000 more, and so most first timers head for the housing estates of Badger Farm.

This conglomeration of two and three bedroom modern houses on the edge of Winchester gives the city a reasonable stock of modern homes in the £50,000 to £65,000 price range. And with an enormous Sainsbury's superstore as the estate's corner shop, Badger Farm does provide a combination of reasonably served, reasonably priced housing. But in distancing the city's local housing needs from its public face, this squash of overlapping estates of small houses ought to be on the list of tourist attractions as a spectacular example of unimaginative planning.

After the pleasing jumble of property shapes and sizes in the old city, the endless uniformity of the Badger Farm homes relieved only by the occasional defiant coaching lamp shows just what you can do if you allow building land to become typecast as a site for two and three bedroom units selling within a tight range of prices.

The housebuilders involved could hardly be expected to stretch *their imaginations* around those limits to create any kind of architectural texture to the estates. The high density of housing gives the residents little opportunity and, one imagines, little incentive, to landscape their way out of a positively unnerving sameness of outlook.

The construction of a row of new, rather larger houses overlooking the roundabout on the main road into the Badger Farm area will at least provide visitors with a signally different type of building to look at. Unfortunately, although they will, no doubt, make splendid homes, they do have a curious, hillside-hugging appearance that brings to mind nothing so much as a displaced clump of elderly Swiss houses.

As one man's eyesore is another's elegant design, those roundabout homes may well be submerged in awards and praise for their originality before the final site work is completed. In the meantime, the queue of would-be Winchester home-owners is long enough to keep most builders more concerned about finding sites than selling completed homes.

It wasn't always so.

Wiggins Homes, which started its development career building on the fashionable Romsey Road side of Winchester, had considerable difficulty selling the four and five bedroom homes on its Kerrfield scheme when they were completed five years ago. At that time prices between £120,000 and £125,000 tested the top end of the local market. Now, recent resales of confirm that those houses have broken through the £200,000 barrier as commuter buyers compete with senior staff from the nearby County Hospital and local professional people as well as incomers working in other parts of South Hampshire who simply prefer to live in Winchester.

Kerrfield is one of the larger leafy cul-de-sacs of new housing on the high ground on the Romsey/New Forest road out from the city centre. Comparable new homes in the area cost as much as 25 per cent more than the 1930's semi-detatched homes currently selling in the £150,000 to £200,000 range. But as Godfrey Winterson says, "People are increasingly willing to pay a premium for new homes now because they don't want to have all the maintenance and repairs of an old one, or to have acres of lawn to mow after coming home on the train at night."

Not that you'd find many places with acres of lawn near Winchester without bidding London suburban prices. South Hampshire villages in the area - within striking distance of the M3 and the Southampton-London rail lines, as well as being just a 20- minute run to the boat people's territory of the Hamble or the pony packed New Forest - have long been high cost outposts of commuterland.

Most of the painstakingly restored beamed cottages in this area now house a barrister toying with a novel, or a Barbour-clad computer softwear specialist rather than any more traditional type of yokel; BMW-born townies have equally effectively ousted the squires and the hunting clerics from the area's mini-mansions and rectories. Home hunters can give up any hope of stumbling across an undiscovered bargain along Hampshire's back roads.

Sam Camps reports having sold a small, flat-fronted two bedroom village house in the village of Hursley, southwest of Winchester, for £87,500 in the spring. He doubts if that would come back onto the market for less than £100,000 today.

IBM's research and development operation is in the Hursley area, so too is the Independent *Broadcasting Authority's* administrative headquarters and staff from those groups, as well as buyers looking north from the relocated offices of London businesses that have moved into the M27-linked Eastleigh/Southampton/Fareham area, help to keep the more picturesque parts of South Hampshire as a sellers' market.

Fox & Sons in Winchester has roughly twice as many people listed as prospective buyers than it had three years ago. In that same period the number of properties it has listed for sale has fallen from around 125 to between 50 and 60 instructions at any one time. That reflects a supply-demand equation that should insulate properties in and around the city from any sluggishness in the hous ing market as a whole.

It remains to be seen if the market is sufficiently tight to justify the £600,000 asking price *of four 4,000 sq foot houses that* Wiggins Homes plans to build on St Giles' Hill, east from the city centre across the River Itchen.

That price is a good third higher than even the most expensive of Winchester's bigger town houses. However, big town houses in this city are like hen's teeth, and the developer's specification on it's Quarry Road site include everything from gymnasiums to heated indoor swimming pools, so even if the scheme is priced well above the top of the Winchester market at the moment, it does not abuse the description of being unique.

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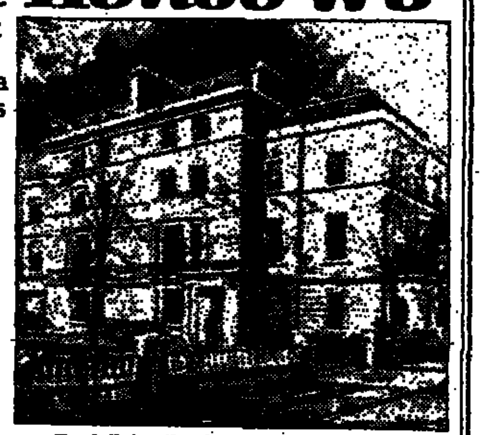

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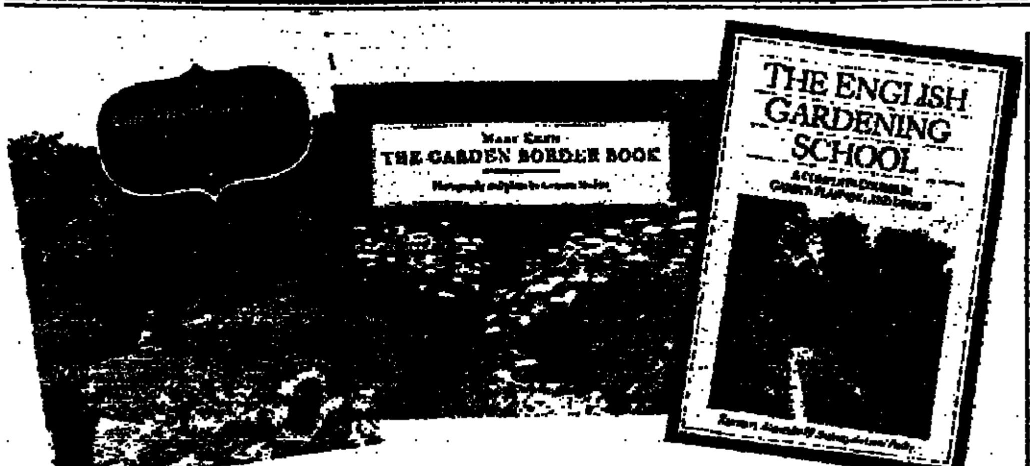


Gardening

A freshly fertile field

PUBLISHERS of garden books have been very active this year, and though I have seen nothing of outstanding importance, there is a good spread of both subjects and prices for those looking for books for themselves or presents for garden-minded friends.

The Royal Horticultural Society has added four titles to its already extensive Wisley Handbook Series. It has also enlarged them and some of the existing titles to 64 pages and given them a stouter square-backed binding, which improves their appearance and should give longer life.

The RHS imprint ensures that the information in these books is reliable and both editing and presentation are excellent. The little books are now quite lavishly illustrated in colour, excellently reproduced and also with admirably clear line drawings where these will illuminate the text. All are priced at £2.50

The four new titles are Daffodils by F W Shepherd; Dwarf and Slow-Growing Conifers by John Bond and Lyn Randall; Plans for Small Gardens II by Geoffrey K Coombs; and Gardening in Ornamental Containers by Ray Waite. Others which have been upgraded to the new format are Trees for Small Gardens by Keith Rushford (a good book on a much-neglected subject); Bonsai by Alan Roger; Orchids by Alec Bristow; Fuchsias by George Wells; Water Gardens by Ken Aslet, John Warwick and Jan Bolders; and Cacti by Clive Innes.

The chunky Macdonald Encyclopaedias, some of them 500 pages in length, are aimed at a different type of reader, those who have passed the novitiate stage and are now hooked on a particular subject, or maybe on two or three subjects.

This year, I have received two more of these excellent encyclopaedias, Mushrooms and Toadstools by Giovanni Pacconi (£7.95, 512 pp) and Cacti by Mariella Pizzetti (£7.95, 384 pp). The format of all these Macdonald encyclopaedias is similar, an introduction of 50 or so pages set out in conventional form, and then a much longer descriptive section, in which each left-hand page is devoted to detailed descriptions (and, where appropriate, brief cultural notes about two species) and each right-hand page is filled by two full colour pictures of these species.

Our writers' opinions on the pick of the crop of gardening books

Also for specialists is Growing Lilies, by Derek Fox, which first appeared in 1985, but is now reissued in paperback by Christopher Helm, price £9.95. This is a no-nonsense book for those who really want to learn. Eight pages of fairly conventional colour illustrations are inset in the middle, but more I fancy as a sop to booksellers, most of whom seem scared to offer a gardening book without colour, than because they will influence buyers.

Mr Fox is a dedicated lily-grower who once edited the Lily Year Book for the Royal Horticultural Society. In this 264-page book, he deals with the species exhaustively; and crowds the commercially popular hybrids into three short chapters at the end - with a fourth on the making of new hybrids, which he starts with the beguiling words, "A little pollen dabbing is simple, to do."

So it is, and easier with lilies than with quite a lot of other plants, since the flowers are big and the sex organs clearly revealed. With this book at hand, you could easily find yourself a lily hybridist making some reputation among the fanciers.

For less adventurous readers, and particularly for beginners in search of a general guide to gardening, I recommend The Royal Horticultural Society Gardener's Calendar (Macdonald Orbis, £14.95). The consultant editor is John Main, Curator at the RHS garden, Wisley; the contributors are all on the RHS staff; and some are well-known as members of the team of the Granada television gardening programme.

The arrangement of the book is unusual, since each plant or group of plants are considered worthy of separate treatment; eg crysanthemums, dahlias, alpines, heathers, etc, are all given an introductory section followed by a calendar of operations. This can be wasteful of space, since it has been deemed necessary to include each month in each calendar, even though there may be nothing particular to do, but it is very clear and the book is admirably comprehensive and accurate. It could be the best buy this Christmas as a new popular gardening encyclopaedia.

Finally, there are reprints in paperback by Penguin Books of a couple of Christopher Lloyd's best books, The Well-Tempered Garden (£8.95) and Foliage Plants (£7.85). If you have not already read these, here is an opportunity to enjoy the best garden-writing of our times, full of sense and personal opinion.

However, if you are thinking of giving them as Christmas presents, it would be wise to make sure that the recipients do not already have them, for they have been best-sellers in earlier editions.

Arthur Hellyer

Morrison Halcrow looks at a school that opted out sixty years ago

Still defying the odds

SIXTY YEARS before "opting out" for schools became a rallying cry at Conservative Party conferences, the great educational opter-out was A S Neill, who was not noted for conservatism. He set up the famous - or notorious - little school, Summerhill, where children were allowed to do their own thing in the most unconservative way.

Summerhill is still there on the East Anglian coast, still living proof that it is possible to defy the educational establishment, at least on a tiny scale. It is still a controversial place, although the things that once made shocking headlines in Sunday papers, such as nude bathing in the school pool, are a bit old-hat in 1987. To the local community it may be an eccentric part of the scenery - but probably less of a threat to their peace of mind than the Sizewell nuclear power station just down the road.

The school, with only some 70 pupils, aged from seven to 17, is still in effect a small family business, now run by A S Neill's wife and daughter. Although one or two children are sent there by local authorities, who pay the fees, it is an unsubsidised business in terms of getting money from the public purse. It would never have paid its way if Neill and those who worked with him had been been charging the market rate for their services - Summerhill teachers notoriously earn a fraction of what they could get in the State sector.

However, it is a business that has always been much into export trade; Neill, as a prophet of child-centred education, was and still is often more honoured in other countries than his own. His famous book is now translated into Japanese and a third of the present pupils are from Japan.

If the number of Japanese faces provides the first impression on casual examination, the next and more important impact on most visitors is how friendly the children are, how at ease with visitors, and how lacking in the menace that lurks in some schools.

What does it remind you of? Perhaps the sort of place where the civilised middle classes take their children to enjoy themselves, but also, more earnest parents would say, to enhance their personalities with new experiences and by meeting different kinds of people. On the surface they may be chasing each other on their bikes, playing table tennis, or chatting up their mates of one sex or another, but actually - again the earnest parent might say - they are engaged in the serious business of growing up.

If it had only been a personality that held the school together it would have died with Neill. Perhaps the lesson for anyone who wants to set up a school outside the State system is that there must be parents willing to make the conscious decision to opt into it, and to count the cost. Summerhill fees - £850 to £1050 a term - may be substantially lower than the average boarding school, but they still mean a sacrifice for many parents.

There are other costs to count. For instance, Summerhill is no plate-glass palace, to put it mildly. As with a typical NHS hospital, the casual visitor may be less conscious of the dedicated staff than of the fact that it could do with a lick of fresh paint. A certain type of visiting parent would not like it at all.

The children are not above playing the traditional role of Polynesians to visiting anthropologists; when TV film-makers came to the school recently it is said there were cigarettes being flashed around in front of the cameras by children merely trying to make a point about liberty.

When A S Neill died, his widow carried on the school. She is still there, but two years ago Zoe Redhead, their daughter (and former pupil) took over as principal.

Whatever it is you would expect the principal of a free school to be like, Zoe Readhead probably isn't it. For a start, she is not the product of some trendy educational institute. Her job - draw whatever conclusion you care to choose - used to be breeding and breaking horses.

She married a local farmer and was determined never to get involved in running Summerhill. She changed her mind when her own children started at the local school and learned how children are educated "out there."

"Out there" is a phrase that comes naturally at Summerhill. Inevitably it is a world of its own. The international character only emphasises how different it is from so much of what most of us would call the real world.

That brings us to the obvious criticism of A S Neill's brand of education. Not that it is wrong to allow children to swear when they feel like it, or not to attend classes if they don't feel like it. A surprisingly large number of parents probably have a sneaking desire for a relaxed regime for their children. Their big worry is that, having known that kind of freedom, the child will be at a cruel disadvantage when he or she is finally thrown out into a harsh world, where employers expect employees to do what they are told and attach importance to old-fashioned things such as 0-levels and A-levels.

Most parents who opt for Summerhill are probably hard-headed enough to have thought that one through. They do not expect their children to be drilled for university entrance, although the actual teaching, when the children choose to turn up for it, is fairly traditional. A typical Summerhill leaver might have three or four O levels.

There are more important things to education, so to speak, than Kenneth Baker's core curriculum. Like those parents long ago who were supposed to send their children to public schools not caring whether they learned any Latin and Greek but hoping they would keep a straight bat and a stiff upper lip, Summerhill parents might define their hopes in terms of woolly concepts such as "being good with other people." If you are well-coordinated, so the argument goes, you will probably be able to pick up things like A levels in your own time when you need them.

In fact there is a fair amount of evidence that when a Summerfield child goes on to a further education college he wastes less time in kicking over the traces - he has been through all that bit - and gets on with studying. Indeed, there are Summerhill children who have gone on to the academic heights.

There are rules. Under the famous democratic traditions of the school offenders can be gated, fined or otherwise dealt with by their peers. Again, in a strange, mirror-image way, Summerhill resembles the old-fashioned public school by giving pupils a large measure of control over discipline.

It is not, however, a resemblance that you can press too far. Not when the notice board, which in other schools would list the cricket fixtures, has a notice giving dates for the next games of sardines and kiss-tag.

A scene from Central Television's Being Happy, a film which features Summerhill School

DESPATCHES
• Leningrad •

Problem of the petit borzoi

FREQUENT visitors to the Soviet Union find that they now face a number of stock questions on their return to Western Europe. One of the commonest has become "Have things changed since Glasnost?"

The answer is that they have and they haven't. But Glasnost certainly has changed perceptions of what is possible in the USSR so that even cynical journalists are prepared to try to do the little things that would have been inconceivable under previous First Secretaries.

"Would you," asked a wily friend in England, "fetch me a borzoi?" The lady is an eminent breeder (of dogs). It was easy, she told me; she had brought borzois out herself. All you had to do was ask Aeroflot for a ticket. So there I was, outside Leningrad airport in the early hours, clutching a wicker basket containing something that wriggled and occasionally stuck a cool, doggy nose out of its covering blanket.

"This," the Russian lady said, "is a borzoi puppy. And this is the pedigree. And this is the health certificate."

Another helpful Russian lady took my money and bought the dog a ticket (nearly £30 just to sit on my lap) and we advanced slowly to the check-in, where all went smoothly.

After putting my luggage in the queue, I sat down with my charge and attempted to persuade her to have a nap before we faced the sometimes stressful experience of the Russian customs service.

The noise made by an aggrieved borzoi, even a little one, has to be experienced to be believed. Conversation ceased, heads turned, officials looked even more stony-faced than usual, as we moved on to ticket control, customs, and passport checks.

"What's this?" he asked in German, pointing to the basket.

"It is a dog," I replied. And with dignity: "and a friend."

"Open this bag." (I had three).

The bag was opened and searched in a rather desultory fashion and I was waved through. I could not believe it; nothing is ever that easy in the Soviet Union.

I carried my cast of several towards the conveyor belt. Enter flunky, left.

"What's that?" he asked.

"It's a dog," I replied.

"Come with me," he said, leading me back to baggage control.

Here there was a spirited conversation between the two officers in which I understood the words for dog, allowed/not allowed and baggage.

"Open your suitcase," said the second customs man. This time the search was very correct, very thorough. They even looked through my dirty clothes.

"Wait," said the second customs man and went away.

So I waited and waited and waited. One gets used to it in Russia.

The official returned with a character who would find instant employment as the Bad Guy in any Hollywood film, not for his face - he was blond and good-looking - but for his scowl.

More conversation in Russian and I was asked for my briefcase, which was really given the treatment. Probably the only reason why they did not search the lining was because it does not have one.

The local breeder had apparently been hovering in the background and chose this moment to reappear and launch a full frontal assault on the authorities, accompanied by torrents of Russian, which even to my untutored ear did not sound especially polite. Now, as everyone who has been there knows, middle-aged Russian ladies are the force that keeps the Soviet ship of state afloat, and are not, therefore, to be trifled with.

The first flunky bowed his head and turned to me, saying that he was only obeying orders. This nettled me sufficiently to answer that this argument was Fascist (not particularly tactful under the circumstances). Now equally miffed, he replied that that was not the same thing at all.

"Do you," I asked the Hollywood/Mosfilm type, "think that restricting the movements of one small dog is consistent with the First Secretary's policies? Do you think it is fair? Do you think it is reasonable?"

"It is not allowed," he said.

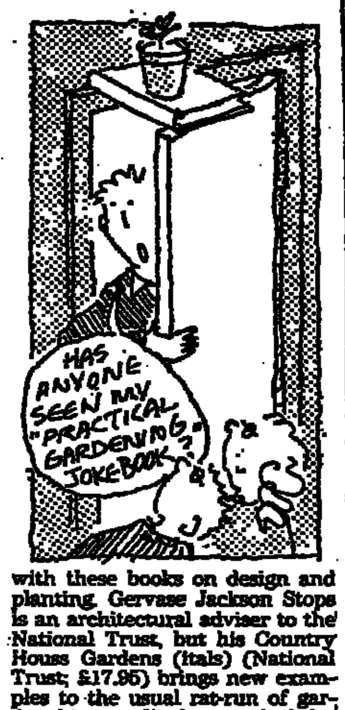
We argued, we blustered, we pleaded. But the answer remained the same, the borzoi stayed behind and I boarded my Ilyushin.

It is tempting to say unkind things about the Russians, but the truth of the matter is that my supporters and I were wrong, and the customs men were right.

The breeder confirmed it later. I did not have the correct export permit. Next time, I will.

John Hamilton

Flowers from foreign fields



THIS COLD sunless year has done nothing to inhibit the crop of new gardening books. As a rival author-publisher, I cannot help wondering if they will not cancel each other out. Do gardeners really buy more books because more titles than ever are coming out?

One fact is painfully evident; nobody with an eye for the market thinks twice about printing their books in Britain. I have 20 new gardening titles in front of me, of which 19 refer to their place of production: every single one is printed and bound abroad, in Spain, Germany, Hong Kong or Italy. In the last few years, standards of production have been raised to attract the eye, if not the mind. British printers tend to cite foreign "sweated labour" as the cause of the business which has gone abroad. Gardening books are not being run off in tin sheds in South Korea and I doubt if labour in north Italy is sweating very much harder than in the Thames Valley.

Quite simply, the highest quality of colour and printing is to be found on foreign machines: am I alone in finding that too many British printers get away with murder because a large part of their colour work is expense-account printing, bolstered up by the tasteless extravagance of business prospectuses and company reports?

Publishers, meanwhile, are exporting their new taste for gardens, not gardening to the benefit of workers in the Mediterranean and the Far East. There is no book this year which I can honestly say has taught me how to grow or propagate plants more effectively. Instead, there are a dozen or so on other people's gardens and several on unusual plants, of which James Compton's Success with Unusual Plants (itals) (Collins; £12.95) is the most helpful and practical and Plants from the Past (itals) (Viking; £14.95) the most curious, rating plants by their "old fashioned" origins, as if we ought to be growing antiques.

Elsewhere style and design dominate the market, often top-dressed with a layer of snobbery. Gardens of the Heart (Chatto; £14.95) introduces us to such avid gardeners as Jilly Cooper ("Jilly would love to spend more time in her garden ...") and Sir Nigel Broackes ("As one might expect of a man whose success in business has made him the managing director of an multinational company employing 50,000 people, Sir Nigel has exacting standards in his garden.") Personally, I would have expected a multinational managing director to be best at growing mushrooms, on the sound business principle of throwing manure at them and keeping them in the dark.

Evidently, I am wrong, for what other country could possibly produce a book in which the chairman of a major shop-chain (W H Smith) and the former head of a nationalised industry (British Rail) emerge as seriously keen-eyed and energetic gardeners, while the best garden of the lot has been devised over the past 35 years by an ex-Foreign Secretary and his wife (Lord and Lady Carrington)? If we cannot print, we can at least still plant.

Out of all the new harvest, there are three books which I felt might help us to plan and plant even better. There are some woolly pages in The English Garden School by Rosemary Alexander and Anthony du Gard Pasly (Joseph; £14.95), but the authors are practising designers with experience and a very good eye and I would be glad to have their handbook by me if I was beginning a new garden or a new plan. They have some odd ideas about perception: "To be a serious student of planting deign, it is essential to forget all preconceived ideas and see the plant as it really is." Serious? Essential? It is we who construct reality. When they are more specific, they give good advice on placing, hedging, steps and contours and have some cautionary words for builders of swimming-pools. They should be lined, they believe, in "black, grey or a dark holly-leaf green." So much for my new mirage of gleaming sky-blue, but already I fear they may be right.

As a book on planting, I prefer The Garden Border Book by Mary Kean (Viking; £14.95). She takes examples of good planting from 30 gardens and shows bits of them at their best moments in some very good photographs. Her text describes their strong points, suggests alternatives and adds a very clear ground plan which maps out the contents and arrangements of each section.

Copycats will find it easier to copy things which take their fancy, although large-scale copying seldom transplants well from one garden to another. More discreet borrowers and imitators will appreciate the range of styles, aspects and ideas which Mary Kean has artfully chosen from unpublicised gardens. I rather think she did not share the depressing taste for purple and gold foliage which recurs in several of her chosen gardens, but she is always judicious and tries to see things through different eyes. The photos are attractive: incidentally, the colour-work was done in Milan and the book was printed in Spain.

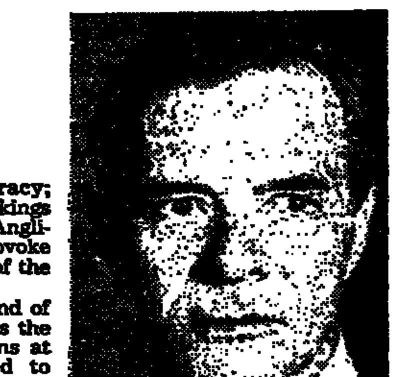
Lastly, a historical tour to go with these books on design and planting. Gervase Jackson Stops is an architectural adviser to the National Trust, but his Country House Gardens (itals) (National Trust; £17.95) brings new examples to the usual rat-run of garden history. He has worked for years on the plans of many English houses and has picked up a mass of unfamiliar details about the changing phases of their gardens and ornament.

Statues, urns and topiary bring the best out of his stylish narrative, but he is notably less kind to the "amoeba-shaped beds of the Surrey school." I think he means Miss Jekyll, rather than the pre-war stockbroker belt, but I cannot agree that the patron saint of English flower gardening can be brushed aside as an apostle of island-bedding.

Robin Lane Fox

Collecting

The siege continues



Sir Steven Runciman, icon of Byzantium

BYZANTIUM is still under siege, but in Britain, more than 500 years after the fall of Constantinople, the future of Britain's three chairs covering the history of the civilised and powerful state born out of the late Roman world is uncertain. In a few years there may be no chair, unless there is a relieving force, perhaps in the guise of the newly announced £200m appeal for Oxford University.

Byzantium had a Christianised Greek culture, but its people called themselves Romaioi - Romans. We admire its domes and icons and know its scholars' impact in the 15th century on the Italian Renaissance. But the history that produced them, and affects us, has been widely neglected.

Why? Probably because Byzantium did not seem to be either fish or fowl, neither Greece nor Rome. It was hard to place. In 1930 Yeats used it as a dark, brooding city of the spirit. If Byzantine studies had then got further, he might have been cheerier - and less fanciful. We know now much of what Byzantium means in art, architecture, the history of thought and in politics, and we are beginning to learn the intricacies of its society.

But Byzantium falls between too many academic stools. Classics, especially later Roman history, may claim it. So may art history, archaeology, modern languages, history and theology. Such institutional insecurity has made it an underfunded foundling with no continuing framework for research. In France, Byzance is far better provided.

Only Birmingham, which has one chair, has a centre for Byzantine and Modern Greek studies. The chair is personal to Professor Anthony Bryer and will not continue when he retires. The other two chairs are established posts at Kings College, London, and Oxford. Both are in the difficult position of having to encompass what are by now two distinct disciplines - Byzantium and Modern Greek studies. On current plans the Oxford chair will be abolished - to save money - when the holder, Professor Cyril Mango, retires in 1995. What happens in London when Professor Donald Nicol retires next year is not known.

It is a bleak outlook for a subject that is finding its identity at last. Large themes are being tackled on the social side, in literature and in history. Who dealt the worse blow to the great city, the Crusaders in 1204 or the Turks in 1453?

The Crusaders without doubt. They were early examples of westerners who did not understand Byzantium, except as treasures and an empire to be taken. In the late 19th and early 20th centuries, there was a similar attitude to the Ottoman successors of Byzantium. Yet there is much in western Europe we can explain only in the light of Byzantium, for a thousand years its bulwark against Oriental perils.

The basis was theocracy; Byzantium's divine right of kings influenced 17th century Anglican thought and helped provoke the republican iconoclasm of the Commonwealth.

Theocracy meant the blend of the next world and this. As the glorious exhibition of icons at the Royal Academy tried to show, saints and prophets enshrined in gold gaze for ever on the everyday.

This ease with the two worlds perplexes westerners. But it unites the humblest country church with the sublime domed space of Ayia Sophia at the heart of Constantine's new Rome.

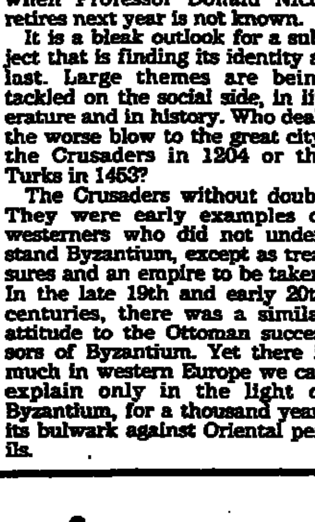
When Constantinople became Istanbul only the Church survived to keep Hellenism alive. The Classics did not contribute - however much they fired foreigners like Byron to help in the War of Independence in the 1820s.

The next dynamic force for the Greeks was the Great Idea of reuniting Athens to Constantinople (where the Orthodox Patriarchate still was, and is). In 1922 Venizelos tried to undo 1453. It was a disaster. At Smyrna the Greeks were driven into the sea. Then populations were exchanged, "Turks" (Moslems) leaving Greece, and "Greeks" (Christians) leaving Turkey.

Trying to understand the Great Idea encouraged study of Byzantium. At Oxford the chair of Byzantine and Modern Greek was set up in 1915. Its first holder was R M Dawkins, a curious classical archaeologist and collector of traditional tales, who epitomized the continuity of Hellenism. The Anglo-Chiot John Mavrogordato followed. He translated Cavafy. Then came Constantine Trypanis, poet and literary critic. At the same time Sir Dimitri Obolensky looked after the history through a personal chair. The professor today is an all-round Byzantinist who is housed, in Oxford fashion, in the modern languages faculty - which is the right place for the Modern Greek arm of the chair, though that is not Professor Mango's speciality.

What arrangement then does Oxford want? Can it find a way to save what is now a Byzantium post? Or will the chair continue to float in uncertainty, in which case similar crises will recur? Or should it go outright to Modern Greek studies, which will mean great loss to Byzantium? There is no need for another lost cause among the dreaming spires. Is there a way to endow both disciplines, separately?

Life-saving exercises



Country Notes

ANYONE WITH a garden, be it a piece of the countryside or a patch in town, will know birds do far more good than bad among the trees, flowers and vegetables. There is also their mobile nature to enjoy, their decorativeness and companionship, so anyone with sense goes out of their way to attract them, summer and winter. But during the winter we are able to save their lives.

It is not very effective just to throw bird food into the cold ground. If you do, the greedies will take it all very quickly. So a bird table is needed to keep the food dry and to allow all birds to get their fair share, regardless of size and level of aggression.

An open position with trees or bushes nearby for cover is preferable. Within a couple of yards or so there should be "standoff" perches, made from tall bamboo or dowel rods, with cross-pieces taped to the uprights.

The table should be as vermin-proof as possible - squirrels and rats like to climb up and take the food. Timber is the most popular material for the stand, but a length of smooth aluminium scaffolding pole is far better, embedded in concrete at its foot with a base-plate at its top on which to rest the table. The right height for the feeding platform would be about five feet above ground level.

Food will have to be placed on and beneath the table in all-weathers, so a gravel path or paving stones leading to the feeding area is desirable. The basic table should be of rot-proof wood, substantially built and roofed. Using marine ply, a three eighths of an inch dowel rod andwaterproof glue, two cages can be made and screwed on asextensions. The vital measurements are the gaps between the vertical bars. The distances between them in one section should be one inch for small birds to climb through, and one and a half inches for larger birds such as starlings.

Two adjacent bars in each cage should be free to be raised and lowered like a portcullis, enabling you to place inside food such as dripping, or rendered down fat. This is held centrally away from the bars by a coil spring with a stiff wire hook at each end that will slide up and down the rods to keep coil pressure on the fat.

Supports to secure food on the central platform should be Terry clips for bones and carcasses and plastic-covered, curtain wire for bread and scraps. Halved coconuts may be screwed to the sides of the table, and wire baskets for peanuts can hang from it. A basket could also hold sunflower seeds.

One of the simplest and cheapest feeders is a suspended log, say one foot long, in which three quarter inch holes have been drilled. Kidney fat is pressed into these. Tits and woodpeckers are particularly fond of this.

Duplicate the log and food baskets; one set may be on offer to the birds while you recharge the duplicates in the warm and at your leisure.

Now may I recommend a gourmet bird's delight? Save stale bread and bag it for the freezer, if you have one. You will also need plenty of pet-store bran and, say, a kilo of lard for each "making."

Place the bread in a bucket and add water. When the bread is soggy, squeeze out as much moisture as possible. Now add bran - about half as much as the volume of the bread - and work it together with hands and fingers. Add the melted lard and stir it in with a wooden spoon. Some currants thrown in at this stage will make the blackbirds and thrushes even happier.

Press spoonfuls of this concoction on the table surfaceand spread some on the ground. Surplus mixture will keep for some time in the cool and indefinitely if bagged and frozen.

Do not put out ground food in the latter part of the day. This will attract nocturnal vermin to the uneaten morsels.Some fresh water, available nearby, is also a good idea.

Finally, there is one table embellishment which could be helpful to the birds; a bell or noise-maker of some kind. Sound it when you put out food. The birds will then extend their forage range, out of eyesight but within earshot, knowing that they will not miss the food when it is proffered.

James Page-Roberts

Antony Thorncroft analyses the downturn in the auction room

Art market over the top

THIS HAS BEEN the week when the party ended for the leading London auction houses. For the past two years they have enjoyed a period of unparalleled growth on the back of the boom in Impressionist and modern works of art.

This one sector had begun to consume over 40 per cent of the salerooms' turnover. The profit on Van Gogh's "Irises", which Sotheby's sold for £30m, and on his "Sunflowers", which Christie's got away for almost £25m, would far exceed the annual return from many of the specialist departments that burrow away in the rabbit warrens of Bond Street and King Street. Now the auction houses must work hard again for their money.

Like Mrs Thatcher they blame President Reagan for the problems that they had in London this week selling Impressionist and modern art. The collapse in the world's stock markets in response to the American budget deficit and the fall in the value of the dollar have impoverished some real and potential buyers and sounded a note of caution throughout the business. Fears of a recession have stopped art dealers in their tracks.

One important factor behind the disappointing series of sales in London in recent days has been the failure of many of the pictures put up for auction by dealers to find buyers. They are works that the dealers bought during the rising price spiral of a year ago.

Rather than bother with the hassle of marketing them to the general public, dealers have put them back into the saleroom in the hope of a quick and painless profit. Then came the October stock exchange slump and paintings which had been consigned, with weighty reserves and optimistic estimates, in the heady days of September suddenly looked expensive and stale in the very different economic climate of December.

It was the dealers' merchandise, offered in the second division auctions and accounting for around a third of the lots, which suffered the worst. Sotheby's was 43 per cent usnold and Christie's 35 per cent. In contrast the major evening sales, while not repeating the boom conditions of last summer and December 1986, did reasonably well, being 22 per cent unsold at Christie's and 31 per cent at Sotheby's.

The masterworks still find buyers. Christie's established an auction record for an Impressionist painting when Degas' view of two bored laundry maids, "Les Blanchisseuses", sold for £7.48m, and Sotheby's secured an auction record for Picasso of £4.18m for his important Cubist work "Souvenir du Havre".

But six months ago both would have been expected to go for more. A Gauguin, "Les Trois Huttes", his first painting in Tahiti, was at the lower end of its forecast at £2.42m and a Braque made a good price of £990,000 at Christie's, but two pretty Renoirs were unsold and there was no interest in Henry Moore.

Sotheby's pushed a Matisse Fauve painting up to a record £1.375m but its expert, Michel Strauss, just could not explain why some pretty paintings by Bonnard, highly tipped, failed to find new homes.

Like the Renoirs they should have appealed to the Japanese, but although they attended the sales they did not buy much. Perhaps the fact that in the past month a flood of works by Renoir, Picasso, Monet, Chagall, Bonnard and Braque have come under the hammer at important sales in New York, Paris, Geneva and London, has ensured that the market is satiated. Demand has slackened when supply has never been more flush. And, in particular, the Americans, nursing a faltering currency, were conspicuously absent from London this week.

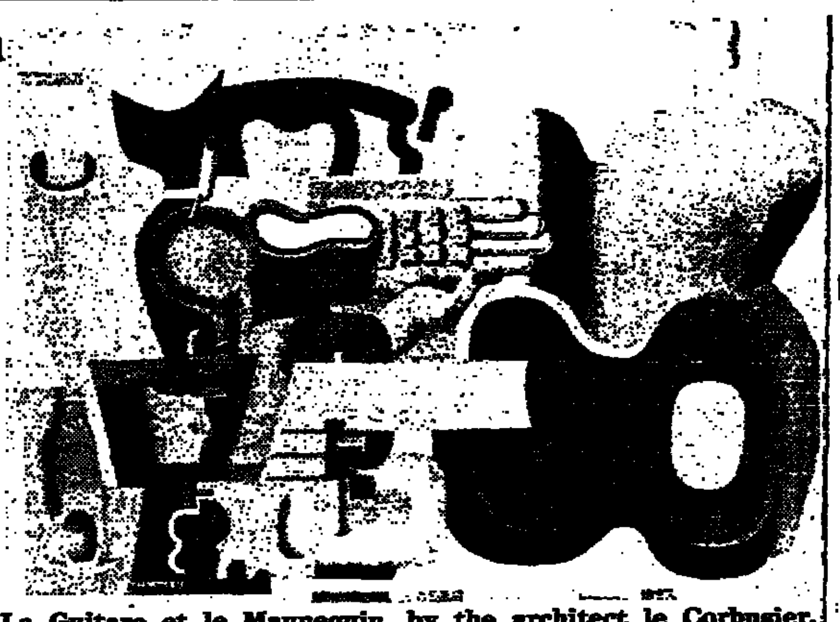
The salerooms have some grounds for optimism. Christie's, for example, made over £27m from Impressionists and moderns this week as against nearer £5m at similar sales two years ago. The market might have faltered but it is still much higher than in the recent past: there has been an inevitable re-adjustment after a period of over-heating.

While the stock exchanges have slumped by around a quarter demand in the saleroom is down by nearer 10 per cent. Exceptional works, fresh to buyers, like a series of paintings by the architect Le Corbusier, recorded extraordinarly high prices, up to a record £390,500, as did a Degas collage, some prints and unusual avante garde works of the early 20th century.

It is not a total market collapse; more a considered withdrawl, with anything stale, difficult, and second rate being left unwanted. And remember, the reserves and estimates had been fixed before the stock exchange collapse. The salerooms did not attempt to persuade vendors to reduce their expectations.

Now the message has got through. The spring auctions of Impressionist and moderns in London will be smaller and the estimates will be lower. Lots of dealers have surplus depreciating stock and will not be in a buying mood.

Fortunately for Sotheby's and Christie's, other sectors of the art market - medieval manuscripts in particular this week - are still attracting record prices. But they have waxed rich on Impressionists and moderns, and until this bandwagon starts to roll again, there will be belt tightening all round.



La Guitare et le Mannequin, by the architect le Corbusier, managed to fetch a record £390,500 at Sotheby's

Janet Marsh views Charlie Chaplin memorabilia

Tramping on

CHRISTIES, South Kensington will auction the most famous pair of boots in the world next Friday. They were worn by Charlie Chaplin in his screen character of the little tramp, perhaps the most universally recognised figure in film history. It is anyone's guess what these frightful objects will realise, though it is sure to be at least a four-figure sum.

In July 1986 a hat and cane used by Chaplin in his early films and sent to Britain in 1920 for publicity purposes were sold for £1,500 and will be on view in the new Museum of the Moving Image which opens on the South Bank next year. Another hat and cane will be sold beside the boots in Friday's sale. Chaplin played the tramp character in 76 films over a period of 22 years, so it is likely that he worked his way through quite a number of costumes and props.

The boots, however, were clearly held in high esteem at the studio. Thames Television's Unknown Chaplin included a fragment of film showing the star out of costume, humourously insisting that his disreputable footwear be carried on a velvet cushion and deposited in the safe. The pair now for sale, appeared to be genuine derelict and second hand boots which have been adapted with clean linings and a hole specially bored in the heel to anchor the comedian for stunt work.

The auction coincides with the 10th anniversary of the death of this greatest clown of the century on Christmas Day 1977. It is remarkable as the first time that a whole sale has been devoted to souvenirs and commemorative items relating to a single personality. The sale includes more than 250 lots of stills, books, posters, toys autographs and other memorabilia.

Chaplin was the first show business personality to inspire a whole industry in souvenirs. In 1916, when he had been in pictures little more than two years the output of Chaplin related products grew to such an extent that Chaplin and his brother set up a marketing and licencing corporation - perhaps the first of its kind in the world.

The enterprise was quickly abandoned. The difficulty of collecting royalties on products that often sold in small numbers and for a few cents proved not to be worth the effort involved. It is only in recent years that Chaplin interests have set up a successful licencing company, Bubbles Inc, to protect the copyright in the Chaplin image.

The variety of the items on sale shows the extent of the Chaplin craze in the teens and 20s of the century. There are jewellery, car mascots, bottles, pudding moulds, table lamps, musical boxes, bottlestoppers, salt cellars, tobacco jars, umbrellas, money boxes, wristwatches, walking sticks, games and toys in profusion, and statuettes in every material and size featuring Chaplin's image. One of the most successful Chaplin toys, for example, was a windup clockwork walking Charlie, first put on the market by Schuco in 1929-1930 (estimate £200-300).

A clockwork walking Charlie Chaplin doll

Only once did Chaplin have a co-star, the four-year-old Jackie Coogan, who played the title role in The Kid (1921), perhaps his most perfect and successful film. A section of the sale is devoted to Coogan memorabilia, which includes a sad album of photographs illustrating Jackie's career after he left Chaplin.

For a few years little Jackie was a star of international stature touring the world raising funds for charity and hobnobbing with the Pope and heads of state. In his teens his career began to slip. When he came of age the vast fortune he had earned was squandered in acrimonious law suits with his own mother who had conspired with his stepfather to keep the money from him.

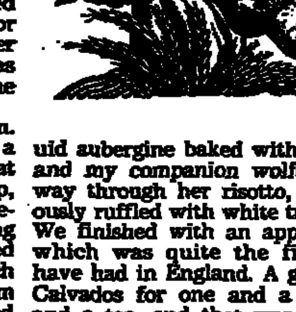
Many of the items in the sale come from an anonymous French collection clearly the life work of an obsessive enthusiast, who gathered any book magazine or cutting that contained a mention of his hero.

Other items in the same collection recall Chaplin's early life in England before he leapt to stardom in films in 1914. The child of estranged music hall performers, he grew up in extreme povety in South London, spending prolonged periods in institutions for destitute children. His talent was precocious and before he was 20 he was a star in Fred Karno's Music Hall sketch companies.

Of especial interest is a series of scrap books complied over many years by Alfred Reeves, who was Karno's manager until he was summoned to Hollywood by Chaplin to run his new film studios. Reeves diligently kept any cutting relating to Chaplin's early theatrical career. It appears to be due to his care that the hat came and boots that are Christie's star turn next week, were saved from the dustbin.

Food for Thought

Very fine family fare



Peter Fort tries out the Conrans' new brasserie, and likes what he finds

MY MOTHER would love this place. It serves *tete de veau* with a ravigote sauce, and in generous proportions, too. It's the *tete de veau* and the brains and the *salade de museau* and the *onglet* (a nice bit of skirt) *aux echalotes* and their like that make Bibendum really quite remarkable, and not simply a demonstration of the talents of the Conran family.

There can't be many of you who are unaware of Sir Terence Conran's (and, to be fair, others) great act of restoration and development, taking the neglected old Michelin building at the corner of Sloane Avenue and the Fulham Road, and turning it into a sparkling complex of shops, offices and restaurants.

It may be, of course, that like any responsible father, he was simply trying to provide employment for the numerous members of his family. It appears that what Sir Terence did not design himself, Jasper did, and that Caroline chose the pictures and posters and that Tom manages the Oyster Bar. Nepotism it may be, but if the proof of the pudding really is in the eating, thank heavens for nepotism.

The entrance to the building is almost worth the trip, being redolent, somehow, of those splendid Art Deco twiddly bits that adorn the Paris metro stations. Elbow your way through the thronging masses, turn into the Oyster Bar on your left, march through that, through the doors at the back, and on up the stairs. I have given the directions in some detail because some how clear directions seem to have been missed out in this designer masterpiece, although to judge by the numbers that are turned away at the door, this may be a matter of self-preservation.

The restaurant itself is large, bright and airy. There are huge stained glass windows of the Michelin Man in various poses, including one in which he is carrying out what looks suspiciously like a karate kick, and Michelin posters and illustrations extolling the virtues of Michelin hung in clusters round the walls.

Indeed the motif of the tubby rubber man runs through the water tumblers, wine decanters, oil and vinegar containers as well, just in case you missed the point. It would all be a bit fussy if the tables weren't austerity itself, and for what appear to be table cloths draped over the chairs. My wife thought this very ingenious.

I have already waxed lyrical about the *tete de veau*. It was exactly the thing you want on a very crisp winter day, substantial, filling, restorative. Some freshly, and precisely, cooked spinach and a boiled potato or two, a glass or so of a rather fruity Cahors, and I felt I was beginning to get the feel of the place.

The chef is Simon Hopkinson. Bibendum represents a bit of a change of style since his days at the Kennedy Brookes flagship, Hilaire. Mr Hopkinson had something of a reputation for being one of our most sophisticated home grown chefs. If this lunch was anything to judge by, I am rather glad that he has deserted the refinements of *haute cuisine* for the honest pleasure of *cuisine du grand'mere*.

I don't know who devised the menu, but it is full of things we like to eat in decent brasseries when we go to Paris, and lament we can never find back in London. A salad of pig's nostrils may not be everybody's idea of a light starter, but there are plenty of other classics such as *oeufs en murette* and *endive au gratin* among the hors d'oeuvres that you would not be afraid to serve up to a maiden aunt, and rabbit in mustard sauce and John Dory among the main courses.

This is proper brasserie food, and, in spite of the spate of so-called brasseries in London, this is the closest I have come to finding the real thing in the great metropolis. Even the bread is brilliant.

The food isn't exclusively French by any means. My first course was a tasty, if slightly liquid aubergine baked with pesto, and my companion wolfed her way through her risotto, generously ruffled with white truffles. We finished with an apple tart which was quite the finest I have had in England. A glass of Calvados for one and a coffee and a tea, and that was that - £63.42 the lot. Given how much you can pay for seriously indifferent food in London, this is pretty good value for money.

If I have any complaints, it is that the wine list is too long and over-priced, and that the service is completely unauthentic for a real brasserie. It had none of that off-hand surliness, disengaged rudeness that we know and love. If anything the service erred on the side of over-familiarity, but I think that is the right side to err on.

Nunc est bibendum, nunc pede libero pulsanda tellus, as Horace wrote (Odes; Liber 1, xxxvii). He was probably referring to the stamp of the anxious eaters stamping their feet in keen antipation of eating Chez Conran.

Bibendum, Michelin House, 81 Fulham Road, London SW3. Telephone: 01-581-5817

Old books in new covers

RARE BOOKS are becoming rarer. As prices rise, booksellers are increasingly reluctant to show their valuable stock in shops. Some dealers have always traded entirely by post.

If you are building a book collection you will want to be in touch with as many sources as possible. Catalogues also offer some guide to the value of your holdings.

The first thing is to get your name and address on as many mailing lists as possible. Ask at the shops you visit whether they issue catalogues and describe your interests. At book fairs some dealers invite you to sign a visitor's book.

A few firms, such as Blackwells of Fyfield Manor, near Abingdon, send out specialised lists regularly, but they tend to be expensive. For others - be prepared for a long wait. They only issue a few catalogues a year, if that.

If you are starting, it is best to write to as many dealers as you believe may be able to help you. The handbooks of the trade, "Sheppard's Directory of Dealers in Secondhand and Antiquarian Books in the British Isles" and the more outspoken "Driff's Guide" offers information on who specialises in what. The "Antiquarian Book Monthly Review" published at £1, from 25 St Clements Street, Oxford, carries advertisements and gives details of forthcoming sales and a review of current catalogues.

The world of books has its own jargon. Catalogue entries bristle with abbreviations which may appear daunting. In fact the method of description is straightforward and there will seldom be need to turn to a glossary of technical terms. The essential information concerns author, title, date, and edition, and for many books this is enough.

The three main sizes are folio, quarto and octavo, which refer to the number of times the paper sheet is folded. These formats are abbreviated to fol., 4to and 8vo. Octavo is by far the most common. The paper sheets vary in size, so you have, for example, demy, royal and crown octavo, but this is only occasionally an important factor. To make low-priced books the sheets were occasionally given further folds to make 12mo, 16mo and smaller formats.

Old English books are listed in STC, or Wing: "A Short Title Catalogue of Books Printed in England, Scotland, and Ireland and of English Books Printed Abroad 1475-1640" by Pollard and Redgrave. Wing compiled a later volume taking the list to 1700.

Condition is always important, especially if you are buying unseen. It was customary until well into the 19th century for books to be sold in temporary covers ("original wrappers" or "original boards") and then sent for rebinding by the owner to a design of his choice.

Only the poor, the careless, and the impatient read books in the state in which they arrived from the shops, often damaging them and hastening deterioration. Even after books were sold in durable covers, many were still rebound, their edges trimmed and sometimes gilded and other changes introduced.

You can usually expect to pay a premium for copies in their original state if they are well preserved. For rebound copies you should be particularly interested in whether their bindings are contemporary with the books or are modern. If a book is "disbound" it has been torn out of its bindings, perhaps because the bookseller has separated a number of items previously bound together.

The old binders often discarded the half-title, the leaf before the title page which contains an abbreviated version of the title. Since its original intention was to help keep track of unfolded sheets, it was not regarded as an essential part of the book. The binders also normally removed inserted lists of advertisements and other "undignified" material which can now be of great interest.

If a volume has been roughly handled it may be "shaken", although this is a good deal better those with pages loose or covers detached. Beware of "reading copies" or worse still "working copies": they are too far gone. The bookmen who invented these shameful terms were like the sergeant majors who advised their recruits to keep two sets of boots, one for wearing and one for kit inspection.

If a book has been kept in reasonable condition, the pages will be fresh and clean even if the binding is not. Others will be "foxed" - dotted with the reddish-brown spots which reminded 19th century collectors of their favourite dead animal. Some light foxing is to be expected with age. Pervasive "browning" is more unsightly and may indicate that the book has been exposed to damp.

Dealers are normally willing to take back any volume that turns out to be defective or to be misdescribed in some important respect. Many take pride in their skills and some catalogues are bibliographic sources in their own right. I wish you good hunting - with no foxes.

Willam St Clair

Philippa Davenport suggests new ways to present the pheasant

Winning ways with the game

GAME BIRDS are everyone's favourite meat at this time of year. Nothing can beat them simply roasted if they are young and tender, and the classic accompaniments of game chips, fried breadcrumbs or clear, very savoury gravy are almost as popular as the birds themselves.

A roast is a roast and it seems sacreligious to change much, except perhaps what you put into the body cavity of the bird to help keep the flesh moist and succulent as it cooks. I recommend a handful of halved and seeded muscat grapes, a slice of stale bread soaked in sherry and olive oil, or a pullet's egg nugget of butter mashed with fresh herbs.

I like to vary the vegetables I serve with roast game. I have taken to sitting small birds on fried large flat mushrooms instead of the usual round of fried bread. I have rediscovered braised chicory, absent from my menus for far too long, and I have found that the combination of fried celeriac, apples and walnuts goes wonderfully well with roast pheasant, partridge, guinea fowl and grouse.

To serve six to eight people you need 1½lb peeled celeriac cut into half-inch dice and 8oz peeled and diced coxes. Blanch the celeriac for a couple of minutes; drain and dry well. Fry it very gently for two to three minutes in half an ounce of butter in a large non-stick pan. Increase the heat slightly and fry for a couple of minutes more, stirring and turning the celeriac frequently to streak it with pale gold. Remove and keep it hot while you fry the apple in the same way. Finally, fry a handful of walnut pieces until they begin to brown. Season and toss all three ingredients together.

For several years my husband has been convinced that the best way to eat roast pheasant is cold with a hot golden-brown crusted bubble and squeak. Now bubble and squeak may have met its match in the form of orange and juniper potato pancakes.

Peel or scrape 1 lb of potatoes very coarsely on an old-fashioned box grater. Mix in several pinches of finely grated orange zest, eight or more fat juniper berries crushed to a powder and a grinding of pepper and salt. Divide the mixture into eight and fry in batches in a non-stick pan containing a couple of spoons of hot oil for three minutes or so on each side.

I have had considerable success recently with a salad of cold roast pheasant with orange and watercress prepared in the following manner and served with potato pancakes on the side. Lay the cold meat in a dish and moisten it with a few spoonfuls of fruity olive oil. Put into a separate small dish the segments of two or three oranges, carefully peeled and denuded of every scrap of pith and membrane. Season the fruit with a grinding of pepper and scatter it with a few olives. Squeeze over the meat a little of the juices still clinging to the orange peel. An hour or two later, gently mix together the contents of the two bowls and pile them onto a bed of peppery crisp watercress before serving. Use bean sprouts instead of watercress for an oriental touch.

Cold pheasant, partridge, guinea fowl and grouse also benefit from being bathed and gently reheated in a little creamy rich sauce which may be served with plain oiled rice on the side. A sauce flavoured with a faint hint of curry is particularly good for this purpose: make a roux with one tablespoon each of butter and flour and a few pinches of curry spices. Blend in 4 fl oz well-flavoured stock made from the carcass and ¼ pint thick cream and simmer until velvety rich. Add the prepared meat, cover tightly and cook in a low oven until the meat is thoroughly heated through. Garnish with slivers of ripe mango or aromatic melon just before serving.

If spices are not to your liking, you may prefer to flavour the sauce instead with a little Dijon mustard and the merest grating of parmesan cheese. Finish the dish with a few diced croutons.

Birds that are past their first flush of youth - but not so elderly that they need to be converted into puddings or pies - are tailor made for pot roasting. This is a cooking method I have always liked for its ease of preparation and for the good tasting results. My favourite pot-roast flavouring of the moment is florentine fennel and chestnuts.

Chop two or three heads of fennels into large chunks. Put them into an oval casserole and season well. Melt a generous ounce of butter in a large frying pan, pour it over the fennel and toss to coat all over. Add 4-5 oz of frozen chestnuts (no need to defrost them first) to the butter remaining in the pan and stir-fry for just a minute or so, and then mix them into the fennel. Melt a little more butter and colour your bird(s) all over. Half bury breast down in the bed of fennel and chestnut. Deglaze the pan with a tablespoon of water or wine or madeira. Pour it into the casserole and cover tightly. Pot-roast at 4 to 5 F (220C) gas mark 7 for up to 1¼ hours depending on the size and age of the bird(s). Turn the bird(s) over, baste with the buttery juices, sprinkle with seasoning and continue cooking for a further 20 minutes or so until tender.

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Lucia van der Post rounds off her seasonal gift suggestions

IN LAST week's cast of fictional characters, we had to leave out Caroline. Dear Caroline, there are many like her about; so here, for all those with a Caroline in their lives, are some suggestions on how to make her happy on Christmas Day.

Caroline is 22 and has just got a job in a small PR agency where she hopes to move quite soon onto higher things. For the moment life is quite fraught and very rushed and she is chronically short of both time and money. She's sharing a flat with a gang of friends who tend to leave everything in the most awful mess so she isn't yet in a home-making mood.

What Caroline wants most for Christmas are all the little things she can't really afford to buy herself but that make such a difference to a girl who likes to look good in and out of the office.

She loves old jewellery but can't afford it so you could get her some of the marvellous inexpensive copies that even the chain-stores are doing these days. Look in at Richards for Art Deco copies that look for all the world as if they are made of jet and marcasite. Earrings and brooches are about £4.99 each.

Laura Ashley currently has exactly the sort of things that Caroline would love: more paste and marcasite lookalikes - a bow-brooch at £19.95 or dangling ear-rings at £16.95. She'd love the black embroidered velvet pumps - £39.95 or £44.95 with heels - or the navy or black fake fur muff at £36.95.

Another jewellery shop worth hunting round is Kristal at 22 South Molton Streeet, London W1 where the new look of what Caroline assures me are called "waterfalls" (i.e.cascades) are on sale. Not cheap at about £80 a necklace but currently they are all the rage.

If there's a generous godmother around then she might like to know that Caroline has been eying the black wool body by Nicole Farhi for some time; it's just what she needs to wear with her latest short skirts but at £74.50 it's rather beyond her budget.

She's also had her eye on a fake Astrakhan hat, all moody Slav style, at The Hat Shop, Gees Court, London W1. It would be just the thing to make last year's outfits look a little more, shall we say, a la mode. Back in fashion too are old-fashioned silk roses, pinned pre-war style to the bosom, and Whistles of 12-14 St. Christopher's Place, London W1 has some antique ones at £5 a time (if you're feeling generous you could throw in an antique hat pin as well as £8 a time) - both can be posted for an extra £1.50.

Whistles, it so happens, is one of Caroline's favourite shops but not one she can afford to wander into too often, so browse around there and you'll find lots of things she'd love. There are snoods - very back in fashion - and in black net they add lots of glamour for the evening. £12.

Alternatively there are large velvet headbands bedecked with velvet roses at £18 a time (in red, green or black). Gauntlet gloves are *the* accessory of the winter so there are suede ones in chocolate, blac, forest, burgundy, blue and smoke at £26 each (sizes 6½,7½ and 7, p and p £1.50).

Although she isn't terribly house-conscious (just wait until she's got a mortgage all of her own) she could do with some decent lighting and a proper Hollywood style studio lamp has all the attributes she likes - sharp, a bit witty, not too cosy, it would fit the bill. £11.99 from House of Fraser stores.

She could do with a decent vase because flowers in her room do cheer her up - so go hunting in The Conran Shop's newest vase department or, if you're feeling the pinch, keep your taste buds on full alert and scour the household department at the gradually-being-Conranised BHS stores (all those speckles that used to be the exclusive preserve of more upmarket emporia are emerging there).

Thick tights are still very much what the young set are wearing so a selection in today's sludgy colours (above all, don't forget the tobacco brown) would go down a treat. Branches of the Sock Shop are the place to look.

More shops that Caroline likes and that you could scour for those extras that somehow seem to make Christmas include the Body Shop, Paperchase (for especially elegant stationery), and The Candle Shop in the Covent Garden Market (Caroline does like things that smell nice and a sweet scented candle would do nicely). She is also very fond of Culpeper and loves its pure white soap but would think it too extravagant to buy it for herself at £1.75 for a box bar of bath soap.

Caroline can never afford the sort of scent she really likes so if you can run to it give her the largest bottle you can afford. Her current favourite is Krizia's Teatro alla Scala - not cheap at £80 for the perfume, £18 for a handbag spray of Eau de Toilette and £18 for the eau de Parfum. Find it in good perfume departments like those in Harrods and Selfridges department stores.

Caroline's skin hasn't quite settled down yet so a doting mother might give her a proper facial at the new Decleor salon at The Peak, Hyatt Carlton Towers, Cadogan Place, London SW1. A cleoderm facial would be just the thing for her - a thorough clean, followed by gentle massaging with essential oils that help balance her skin, would cost £25.

Caroline

Caroline has the chutzpah to carry off this vampish bit of froth. £34.50 from Wardrobe, 17 Chiltern Street, or 3, Grosvenor Street, London W1.

Another glamorous little accessory from Wardrobe. Velvet "wot knot" trimmed with handsewn black bugle beads. Most elegant at £45.

Tartan duffle bag, £14.99 from the Covent Garden General Store, London WC2 - open on Sundays

Just what the TV commercials ordered

Lucia van der Post

HOW TO SPEND IT

IF YOU have children you will hardly need me to tell you what to give them. From all sides I hear the cry that television has conditioned them to such a degree that all they want is what they've seen on the screen, and they all produce lists littered with the strange new jargon of the toy cupboard.

If you don't have children of your own but have some on your Christmas list you may be interested in the present list of one eight-and-a-half-year-old boy.

"Please may I have more dollars than cents (as I'm going to Florida for Christmas). Also, more bits for my train set and Scalextric and Computer. Then I'd like Brave Star (described by another eight-year-old as a sort of space cowboy), pool balls for my snooker table, and Adidas *and* Puma tracksuits for my holiday.

"I'd like the new 5 Star album, Michael Jackson's new album and tickets to see Michael Jackson. Also Action Force, Star Wars, He Man, Karate Kid, Transformers. After Shave - must be La Cost (*sic*), a Head Racket Bag and a portable colour TV Set."

Childhood, as you can see, isn't what it was. Even the more modest lists, like that of the seven-year-old son of a colleague, show an astonishing sophistication. Not content with just making out the list, he had done his homework and included prices and the cheapest stockist he had found (almost always Argos).

He wants a Rhino Mask Lorry (£24), Action Force "skystriker", the white plane at £20, and the Dragonfly Assault-copter at £14 and finally the Super Football by Tomy (£14.95).

Little girls, it seems, are little more reassuringly like they always were (Julip horses from the Julip Horse Shop, 18 Beauchamp Place, London SW3, much beloved by my daughter in her horsey phrase, are still champions for horse-mad little girls). Other successes of more recent years - My Little Pony, Barbie and Cindy accoutrements - still ride high.

The list of one seven-year-old of my acquaintance reads: Julip horses, rider, bridles, saddles, halter, showjumps (her mother comments: "£60, if a penny!"); My Little Pony, a Barbie horse, an Alarm Clock and a Filofax (vetoed as being a waste of money for a seven-year-old; an address book/diary will have to do).

After a visit to Harrods toy department she decided that the Sylvanian Family, £10.99 (a cottage filled with small woodland creatures of which the moles in particular seem particularly popular, with all with the inevitable clothes, house, furniture etc) would be welcome on Christmas morning. So would Mapletown (same idea, only this time bears are the characters) and the Playmobile stable and knights in armour.

Top toys this Christmas, according to Zodiac, the toyshop chain, are, in order of popularity:

- Trivial Pursuits (£21.99, still a good present for any family without it).
- Question of Sport (£19.99, somewhat similar, but withsporting questions.
- Blockbusters (£11.99).
- East End Market (a set of market stalls, hamburgers et al, £29.99).
- A la Carte Kitchen (£22.99).
- Barbie Jewel Secrets (£8.99).
- Cindy Ballet Dancer (£6.99).
- Sylvanian Country Cottage (£10.99).
- Pictionary, a new board game which you play rather like charades, only on paper; they say you don't have to be an artist but it sounds to me as if it might help. £19.99.
- Rolling in at number 10 comes the charmingly named Bed Bugs - a board game in which you have to get the bugs into the bed, all yours for £8.49.

One or more of those are likely to be on every child's Christmas list. If, however, you can't quite bring yourself to spend your hard-earned money on what is basically a distinctly unaesthetic collection (the Julip Horses are an honourable exceptions), you might like to try some more aesthetically edited collections of toys, books and other devices to please the children.

The new Conran Shop at 81 Fulham Road, London SW3, has a charming children's and babies department, filled with old-fashioned classics that children do still love - lots of the new adorable soft Barbar-based toys from France, tactile wooden toys and some wonderfully bendy ones from Germany.

Other beatiful hand-crafted wooden toy come from Robert Longstaff: free standing animal puzzles, rocking horses, baby walkers, a Noah's Ark with 28 animals, dolls houses, wooden cars, plans, helicopters and trucks with removable people and blocks.

Prices are not low, for everything is hand-made, but toys like the traditional dolls houses (new this year are the period dolls houses, castles and farm buildings) can be considered as heirlooms. Available directly from Robert Longstaff Toys, Orchard View, Abingdon Road, Longworth, Near Abingdon, Oxfordshire, phone 0865 820206.

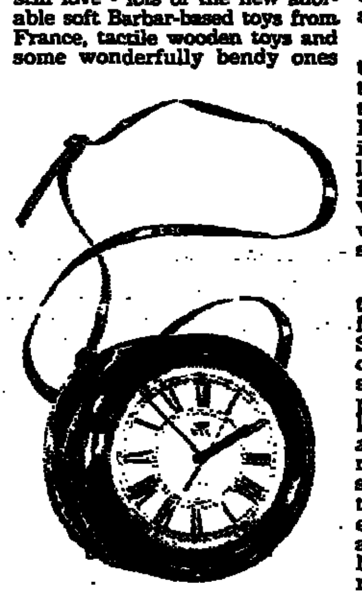
A small but delightful collection of proper Irish toys can be found at the Irish Shop,11, Duke Street, off Wigmore Street, London W1. In particular there are some of those lovely wooden puzzles that very young children love to play with but that are attractive enough in their own right to work as pictures or sculptures. Humpty Dumpty and the tree sketched here, £9.95 each, are among the most desirable. Also look out for a sweet little bunny rabbit with shamrocks (£14.50).

Naturally British, 13 New Row, Covent Garden, London WC2, always has some lovely toys, from soft dolls, teddy bears and other animals, to finely crafted wooden toys. There's a hand-made wooden rocking horse, little pottery animals and lots more presents for children big and small.

The Endell Street Place, Covent Garden, London WC2, has a mail order catalogue - you will have to be quick now (telephone 01-240 1069) - but it is a treasure trove of attractive presents for all ages. Penny Howe is working there as a resident craftswoman making exquisite dolls, each of which is dressed according to the wishes of the customer, usually in period costumes going back as far as 200 years.

Look out, too, for Danny Morrell's hand-made wooden toys: hopping hippo road hogs, skateboarding owls and a road-running rat. Some of the traditional lead soldiers, all cast from 19th century moulds and hand-painted in realistic detail, might appeal more grown-up children; from about £6 a figure. You can also order one of Tony and Marc Stevenson's hand-made traditional rocking horses if you're feeling lavish.

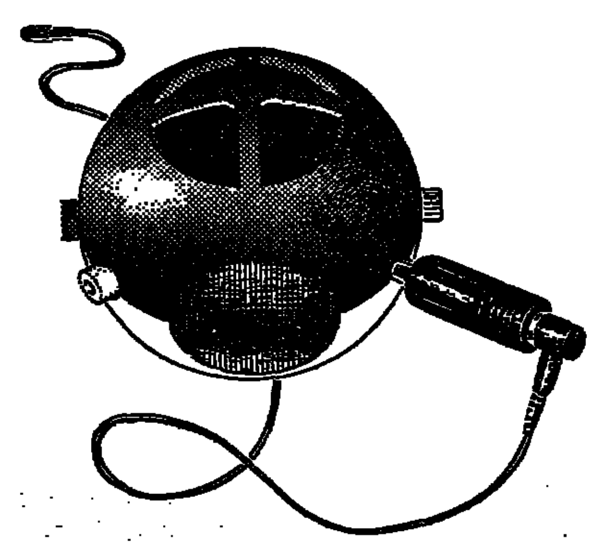
Finally, of course, a carefully collection of attractive toys can be always be found at the Design Centre Shop in the Haymarket, London SW1.



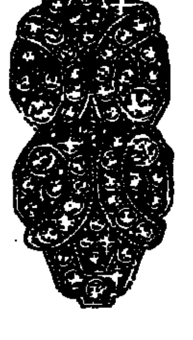
Shiny black plastic handbag with working clock; £39.95 from Liberty, London W1.

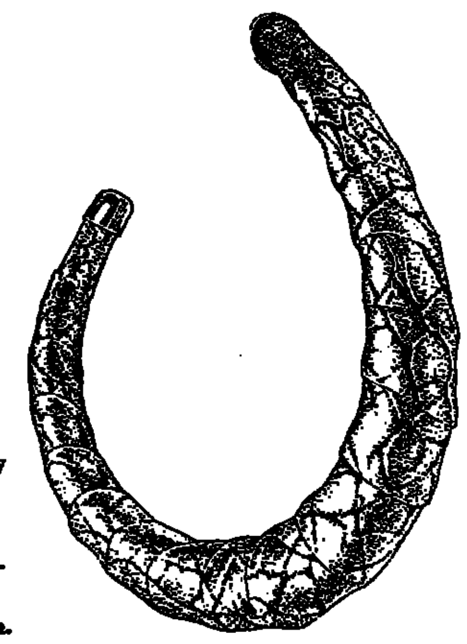
Georgian dolls house by Robert Longstaff Toys; at the Conran Shop, 81 Fulham Road, and Peter Jones, Sloane Square, both London SW3; and Doddermans Traditional Toys of Norwich, as well as from the manufacturer

Tiny radio, FM and AM, shaped like a miniature diving bell, in red, yellow and blue, £24.95, from Liberty of Regent Street, London W1.

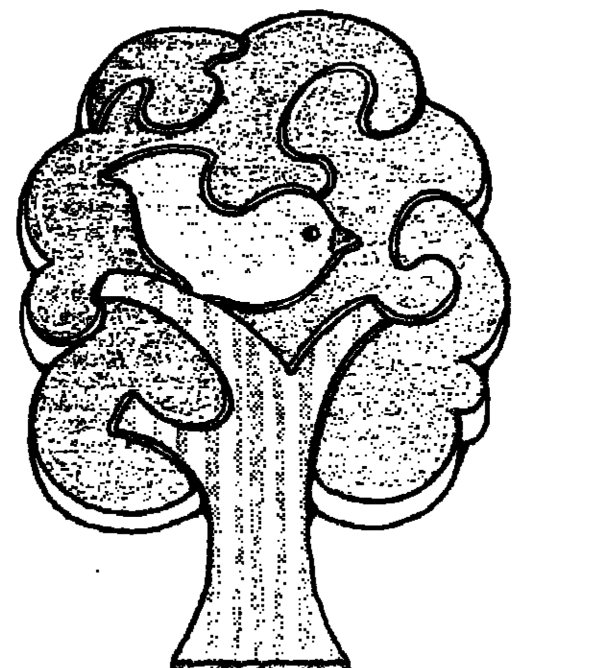


Richards shops have lots of cheap jewellery. "Jet" and "marquisite" brooch £4.99 (matching ear-rings too)





Very effective "gold" fabric torque - lots of glamour for £6.99 from Zig-Zag (which has lots more punchy jewellery at very low prices). Branches at 104 Strand, London WC2, 11 The Arcade, Liverpool Street, EC2 and Waterloo Station.



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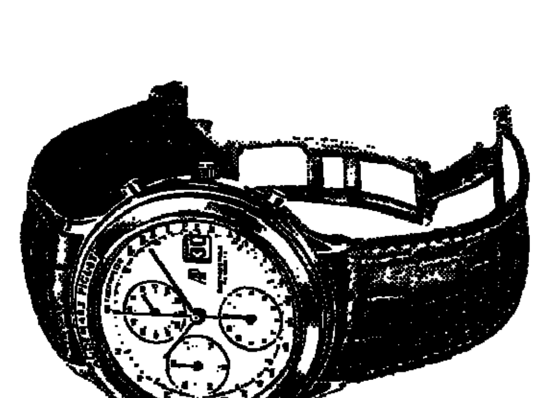

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K. Natwar-Singh on a new aspect of Mountbatten

To India with HRH

THE DIARIES OF LORD LOUIS MOUNTBATTEN: 1920-1922
edited by Philip Ziegler. Collins. £15.00, 315 pages

IN JUNE 1974 my wife, my brother-in-law, Amarinder Singh of Patiala and I spent an afternoon with Lord Louis Mountbatten at Broadlands. After lunch he took us round to show us his library and archives. Everything was meticulously arranged and documented. "This is my diary of my first trip to India with the Prince of Wales", he said. I asked to see it. He pulled it out, turned the pages, "Ah there we are, Wednesday 22 Feb. We arrived at Patiala at 8.30 AM..."

Here I am, 13 years later seeing the same entry on page 258 of Mr.Ziegler's book. While writing this review affectionate memories of Lord Mountbatten rush to my mind, coming in the way of an objective and dispassionate appraisal of this entertaining book. I don't want to drive those memories away and for once, to the devil with objective and dispassionate appraisal.

My wife's family had known Lord Mountbatten for two generations. The introduction of the third generation in early 1948, when he was Governor-General of independent India, was both novel and memorable. The Mountbattens had gone to stay with their Highnesses the Maharaja and Maharani of Patiala at Chail in the Simla hills. The four little princes, including my wife were trooped in to be introduced to Lord and Lady M. My wife's youngest brother, Malvi, aged three, was promptly picked up by Lady Mountbatten and put on her lap. He was equally promptly put down when Lady Mountbatten discoverred that the little prince had rather thoughtlessly decided to respond to a pressing call of nature and wet her ladyship's dress. But as usual, Edwina handled the situation with unmatched *savoir faire*.

While an official diary of the tour of New Zealand, Australia and the colonies in the Atlantic and Pacific was to be kept by one of the equerries, Mountbatten was asked by the Admiral, Sir Lionel Halsey, the chief of staff of the Prince of Wales to keep an "unofficial one which is going to be printed, bounded and kept for our amusement." About 20 copies were printed. With one of these the ship's doctor absconded. He was eventually traced in a restaurant, where Mr.Ziegler tells us, he was bargaining with an American journalist, the diary on the table in front of him. The asking price was £5,000.

These diaries have nothing of the sparkle or interest of the tour of India; the far east and Japan, Australian and New Zealand societies, 70 years ago, were still in the making. The supply of engaging or memorable characters was somewhat limited. The first section of the book is simply a hectic accumulation of rather tiresome dances, balls, parties, receptions, polo and conversations which would make one envy the deaf.

India was different. Mountbatten obviously enjoyed his Indian tour. It left a permanent and benign impression on his young mind and heart. He could never have dreamed that a quarter of a century later he would return as Viceroy to preside over the liquidation of the British Indian Empire, or that he would be invited by Jawaharlal Nehru to become the first Governor General of independent India.

The Indian tour of the Prince of Wales was ill-timed, the itinerary questionable and the political returns negligible. While princely India welcomed the Prince of Wales, British India did not. Mahatma Gandhi's non-cooperation movement had begun in most places outside the princely states - Hyderabad, Mysore, Kashmir, Baroda, Jaipur, Jodhpur, Patiala, Bharatpur, etc. The royal visit was bycotted by non-cooperaters shouting,"Victory to Mahatma Gandhi". Mountbatten noticed this and refers to it several times.

Another Englishman was also present in India at the same time to record his impression of the visit. This is what E.M. Forster wrote:

"About the Prince of Wales' visit I might also write much. It is disliked and dreaded by nearly everyone. The chief exceptions are the motor firms and caterers, who will make fortunes, and the non-cooperaters and extremists, who will have an opportunity for protest which they would otherwise have lacked... the Indian National Congress meets in December at Ahmedabad and it will certainly carry through its resolution in favour of civil disobedience and if there is a general response, this expensive royal expedition will look rather foolish."

These diaries throw much light on Mountbatten, some on the moody Prince of Wales, who generally kept good second-class company, and was totally devoid of any intellectual interests. Mountbatten kept his eyes and ears open and his observations are not trivial. On Benares:

"... *too picturesque for words* from the river , especially the countless ghats on water-front steps..."

On Nepal:

"... the camp is bounded on one side by the steep and precipitious bank of a river, which is dried up except to a small trickle. The view is simply magnificent. I can't help thinking of Kipling's Jungle Books and fitting Mowgli and all the animals in this jungle."

On himself:

"...on our way back to the cars one of the prime minister's sons, the one who is running this camp and shoot came up to me and said,"And why should not the noble lord shoot a rhinoceros?" I looked round but as there seemed to be a dearth of noble lords in the immediate neighbourhood I came to the conclusion that he must surely be addressing me and answered, " Why indeed not? "

Again:

"I am afraid that I talked a good deal too much about the whole question... which was silly of me and I am sure could not have added to my popularity with the others."

Such modesty was to desert him in later years.

A momentous event occurred during his first passage to India. Lord Mountbatten proposed to Edwina Ashley at a viceroyal dance party in Delhi on Tuesday, February 14,1922. "I asked her if she would marry me, and she said she would." Lady Reading, the Viceroy's wife was not too enthusiastic. She wrote to Edwina's father: "I hoped she care for someone older, with more of a career before him."

The diaries are full of fun, frolic and amusing anecdotes. The kimono shopping expedition in Tokyo is described in hilarious detail, but what I enjoyed most is what happened at King Foud's lunch at Cairo. It defies paraphrasing and is too long to quote so I suggest the reader borrows or purchases the book and turns to pages 305-6.

These diaries were written by a man who was not quite 22. It would therefore be absurd and unfair to look for profoundities in them. Mr.Zeigler has done a fine job of editing. Mountbatten admirers will be grateful.

The future King on tour with Mountbatten

Fiction

Brink men

THE FAMILY MASHBER
by Der Nister, translated from the Yiddish by Leonard Wolf. Collins £12.95. 688 pages

THE WORDS *Der Nister* (the Hidden One) were the pseudonym of Pinhas Kaganovitch, a Russian Jew born in 1885 in Berditshev who finally died in a Soviet police prison in 1950, at a time when Stalin was brutally purging dissident intellectuals. His novel, written in the 1930s but set at the time of his birth, is replete with an ominous sense of impending and inevitable disaster, to be understood with the wisdom of hindsight, since Russia was heading for revolution, civil war and dictatorship, while the Jews were about to fall victims of the most terrible massacre ever perpetrated.

The portentous tone of the narrative is almost unbearably oppressive. Nor is the book without other handicaps. It is a lengthy translation, is set in the last century, deals with an almost extinct people with a faith that is anachronistic, eschews humour, sport and nature while emphasising ugliness, disease, decay, decline, poverty, dishonesty, and the approach of death.

The novel is set at a time when there were at least 13 million Jews living in Russia as second-class subjects of the Tsar, confined to a Pale of Settlement and deprived of most civil rights. Jews were not just Russians of a dissenting persuasion, but a distinct people alongside Ukrainians, Lithuanians, Poles and White Russians. Their language was Yiddish and very few of them succeeded in integrating into non-Jewish Russian society. Today, only about 2.2 million survive.

In the strictly Russian dimension, society was cracking up at the end of the 19th century. In this sense, Der Nister was showing how the effects of what Victorians called the Great Depression hit Russia, striking at family after family, leaving few immune. The story chronicles the downfall of a wealthy family in the wake of the depression, its dispossession and humiliation. It is a sort of Russian Forsyte Saga, with Moshe Mashber as Soames, although its third volume - probably confiscated by the N.K.V.D. - is still missing 37 years after it disappeared.

One conclusion is that the 1917 revolution, whose 70th anniversary has just been noisily celebrated, was inevitable and, if anything, overdue. The feeling is often conveyed that Russian society was rotten through and through, to be redeemed only by a clean sweep carrying off the rulers, nobility and the many layers of officialdom. There are even hints that Russia would have to be ruled by those classes which, under the old order, were have-nots or rank outsiders. Some have compared Kahanovitch with Dostoevsky, but for me this work recalled Maxim Gorki's Childhood, which has similar scenes of a garrulous market, soulless commerce and the same blind beggars being led by small boys.

The cleverness of the plot lies in the interplay of outlandish yet plausible characters and the way events conspire to bring ruin and despair to their community. It is here that the author's eye for detail and grasp of the train of events leading to disaster seems particularly *brilliant*, *although* one cannot entirely dismiss the thought that he was sounding a warning of impending calamity to his own people, while appeasing Beria's secret police with the protestation that he was - in the best Marxist tradition - tracing the course of the *ancien regime*'s downfall.

For Jews, the message is especially chilling. Kahanovitch was by symbolism and by allegory forecasting that the traditional Jewish edifice was, after centuries, *about to collapse on top of* them just as surely as was the Tsar's government. And he was hinting that whatever disaster overtook Russia would be minor compared with the fate of its Jews.

Like his contemporary and friend, Marc Chagall, Kahanovitch depicts Russian Jewish life 100 years ago, which was still so deeply embedded in religious tradition that it seems centuries away. It is as though he is taking a last look at a people - complete with *Dybbuks* and *Wunder-rebbes* - whom he knows are doomed to extinction.

Predictably, Kahanovitch was denounced after 1945 for individualism, symbolism, exclusivism and bourgeois decadence, as Beria's men finally tumbled to the fact that the line about logging capitalist collapse was a decoy.

Leonard Wolf's translation is stylish, if a trifle too literal for the average western reader. (For example, the name "Masber" is Yiddish for "Crisis", so the title could be freely translated into English as "The Krysis Family Saga", which might be more meaningful even if it departed from the original.) Happily, the translation gives the lie to to the claim that Yiddish was merely argot, since it expresses beautifully a poetic turn-of-the-century novel.

Although the book has been published in the Soviet Uniuon' (an even serialised in the review *Sovietish Heimland*) the third-volume vanished at the same time as its author. If the *new* policy of *glasnost* is meant sincerely, we should see Kahanovitch posthumously rehabilitated and a frank admission that he was unjustly victimised. At the same time, the Soviet authorities might even discover in old police files the draft of the third volume and publish it to atone for a disgraceful chapter in their history and to celebrate one of their outstanding literary figures.

William D. Sholto

Annalena McAfee on this year's crop of books for the young

Weirdos and dinosaurs

THIS IS the year of verse in children's literature. New collections from old Liverpool poets, anthologies of those-we-have-loved with new-look illustrations, and a growing crop of stories with rhyming narratives are among this year's treats.

But the best of the bunch, for me, is a book of verse by someone best known for his illustrative skills. Colin McNaughton's **There's an Awful Lot of Weirdos in our Neighbourhood** (Walker Books, £9.95, 93 pages) is described as "a book of rather silly verse and pictures". The apologetic tone is quite uncalled for. *Market-tests, albeit* unscientific ones, produced unbridled hilarity in a sample ranging in age from five years to 35 years.

Echoing the rhythms of music hall songs and nursery rhymes, McNaughton tackles dopey dinosaurs and overweight vicars, celebrates the delights of tripe and invokes a litany of abuse to send to your worst enemy. There is even a rap (see Top of the Pops) extolling the virtues of Tyrannosaurus Rex. All this, and more, is enhanced by McNaughton's robustly comic illustrations.

For younger readers, Sarah Pooley has selected and illustrated **A Day of Rhymes** for Bodley Head (£5.95, 77 pages). Favourite nursery rhymes and playground chants are set off by vibrant pictures. Denis Glover's **The Magpies** (Hutchinson, £5.95, 24 pages) was first published in 1941, and became his most popular poem. Dick Frizzell's strong, textured illustrations, with page flaps concealing the magpies, add to the folksy feel of the poem.

John Agard is a writer who loves to send words on a spree. His verse for children has the infectious cadences of calypso. In his new book **Lend me your Wings** (Hodder & Stoughton, £6.95, 32 pages) he eschews rhyme in the telling of a marvellous, simple story of a fish and a bird who swap lives. But the Caribbean rhythms are strong and the narrative has the magical quality of incantation while Adrienne Kennaway's luminous illustrations recall batik work.

The poet Charles Causley has brought out a fine anthology of verse for children. **Jack the Treacle Eater** (Macmillan, £7.95, 96 pages) contains poems haunting and humourous and with the quality of traditional ballads. Charles Keeping provides splendidly moody illustrations.

Another poet, Blake Morrison, has brought out a picture book for younger children. **The Yellow House** (Walker Books, £6.95, 24 pages) follows a child's exploration of a mysterious garden surrounding the eponymous house. There she meets a dolphin in a lily pond, tigers in the grass, a snake in the greenhouse and a panda in the dustbin. Helen Craig's tentative etchings illustrate the story.

Joan Aiken's evocative story **The Moon's Revenge** (Jonathan Cape, £5.95, 28 pages) is teamed with mistily haunting illustrations by Alan Lee. This epic tale of music, magic and monsters could well become a classic picture book.

David Lloyd has taken a 16th century comedy as the springboard for **The Ridiculous Story of Gammer Girton** (Walker Books, £7.95, 48 pages). The bucolic farce moves at a fair lick, though the story is sometimes outstripped by Charlotte Voake's excellent illustrations which manage to combine wittiness with prettiness.

Children aged between nine and 11 (classed as "junior readers") should warm to Willis Hall's **The Antelope Company at Large** (Bodley Head, £6.95, 146 pages) which features Lilliputian sailors shipwrecked in a Victorian nursery and befriended by two runaways. Pat Thomson deals with more life in the nursery in **Trouble in the Cupboard** (Victor Gollancz, £6.95, 108 pages). But a more sophisticated story in this genre is Jane Gardam's **Through the Doll's House Door** (Julia MacRae, £7.95, 121 pages).

Ruth Thomas's first novel **The Runaways** (Hutchinson, £6.95, 252 pages), also aimed at the junior reader, tells the touching story of two young outcasts who form an unlikely alliance.

Interesting non-fiction titles for children this year include the **Macmillan First Thesaurus** (£4.95, 109 pages) edited by George Pemberton. Despite a dull cover, this 6,000 word anthology would make a useful reference book for seven to 11-year-olds.

A group of teachers from California (where else?) have got together to produce Offbeat Books, a series with a refreshingly unorthodox approach to traditional subjects. The titles include **Blood and Guts: a Working Guide to your own Insides, The I Hate Mathematics Book, Word Works and Beastly Neighbours.** Cambridge University press has brought them out in paperback at £3.95 each.

Young travellers will be keen to get their hands on new additions to Macmillan's **Let's Visit** series, from £4.50. New titles, with colour photographs, include **Ecuador, Jamaica** *and* **Qatar.**

The 12-plus age group has never been better provided for. Potential titles in Methuen's new paperback imprint, **Teens**, are tested by a panel of pupils from a North London comprehensive. The series includes Diana Wynne-Jones's story of sorcery and mystery, **Fire and Hemlock** (£1.95, 341 pages); Caroline B. *Cooney's antidote to romantic* fiction, **I'm Not Your Other Half** (£1.95, 157 pages) and Margaret *Mahy's Carnegie Medal*-winning supernatural romance, **The Changeover,** (£1.95, 213 pages).

The non-fiction titles are led by **The Teenagers' Handbook** (£1.95, 191 pages), a "guide to good times" by Peter Murphy and Kitty Grime. In a distinctly up tempo style, readers are told how to form a band, redesign their image and/or room, keep fit, curb spots and open a bank account.

Back in hardback, Michael A. Pearson, writer of the contemporary school tale par excellence, is on form with **Splashers** (Methuen, £7.95, 189 pages). This post-Band Aid story is narrated by the class dreamer. Inspired by visions of a school swimming pool, he finds himself charged with the seemingly impossible task of raising funds to buy one. Superb characterisation and wickedly observed dialogue support the exuberant plot.

Two collections of short stories deserve a mention. Jamila Gavin's **Three Indian Princesses** (Methuen, £6.95, 127 pages) is a lavish retelling of traditional Indian tales with line drawings by Govinder Ram. And yet another poet, James Berry, takes the honours with his collection of stories, **A Thief in the Village** (Hamish Hamilton, £6.95, 98 pages). Set in contemporary Jamaica, these award-winning stories capture the lyricism and the pain of childhood.

A line drawing from "Three Indian Princesses"

Mrs Bland

A WOMAN OF PASSION: THE LIFE OF E. NESBIT 1858-1924
by Julia Briggs. Hutchinson. £16.95 474 pages

E. NESBIT, respected author of children's books such. as The Phoenix and the Carpet and The Railway Children was also Edith Bland, one of the founders of the Fabian Society, member of a *menage a trois and, in middle* age, charismatic amanuensis to a string of young lovers.

One of the pleasures of Julia Briggs' book is her deft counterposing of the turmoil in which Edith Bland's intimate life was led with the conventional facade she presented to her admiring public.

When her first biographer, Doris Langley Moore, asked George Bernard Shaw to contribute his memories, he refused explaining that as "Edith was an audaciously unconventional lady and Hubert an exceedingly unfaithful husband" there would no hope of a "presentable biography" and he didn't wish to contribute to "a mere whitewashing operation." Shaw's (probabably unconsummated) romance with Edith ended with much sadness on her side but little ill-feeling.

H.G. Wells, on the other hand, who tried to run away with Edith's step-daughter, Rosamund, turned bitterly on both Edith and her husband, Hubert. "The two of them dramatised life", he commented snidely, "and I had as yet met few people who did that. They loved scenes and 'situations'".

Ms. Briggs doesn't exactly contradict this assessment for she suggests that it was Edith's very childish nature which made her such a successful children's book writer. "The determined childishness of both the Blands, their desire to play the *enfant terrible* manifested itself in their preference for, and praise of, the young.."

Edith's childhood trauma which explains the frequently recurring theme in her books of fathers lost and found, was the death of her own father when she was four. It might also throw light on her precipitate marriage - although since she was pregnant at the time, she had clearly been precipitate in another area too. Hubert Bland was a handsome man who seems to have been irrestible to women. He already had a child by his mother's maid when he married Edith and continued this and other associations afterwards. The most long-lasting was with Alice Hoatson who Edith had installed to take over housekeeping responsibilities while she wielded the pen. Alice bore Hubert two children; they called Alice "aunty" and were brought up as Edith's children.

Hubert came from a poor family in the East End of London but, despite his Fabian socialism, soon turned himself into a Tory and a gentleman. Edith, for all her emotional games and tantrums, comes across as a far more admirable character. It was she who earned the money to keep their complicated establishment going, she who made their various houses a centre for jollification and inspiration and she who had to put up with her husband's infidelity under her own roof. Perhaps unsurprisingly, the relationship between Alice and Edith is the one area where Julia Briggs has failed to lift the veil.

Like a good children's book, there is a happy ending to the story. For, after Hubert's death when Edith was in her late fifties and abandoned by her young admirers for their own marriages, she found a new husband, Thomas Terry Tucker or "Skipper" as he was known, loved his brilliant wife so truly that she touchingly commented, "For the first time in my life, I know what it is to possess a man's whole heart." Skipper was loving and kind but he was a marine engineer and absolutely not a gentleman nor, unlike Hubert, did he pretend to be one. The contrast between the tall, moustachioed, monocled Mr. Bland and the stubby unassuming Skipper is wonderful. Alice Hoatson was at last disposed of and "the woman of passion" settled down to selling fruit at her front gate.

Edith's books, with their intimations of dangerous secrets, of dark misunderstandings, of *things beyond understanding as* well as their aura of glorious golden summer days, arose out of the financial needs and the emotional conflicts of her earlier life. They continue to hold children's imaginations - even if appreciated more often now on television or film. Julia Briggs long and detailed work, should contribute to a greater understanding of the extraordinary nature of the women who wrote them.

Rachel Billington

Lucky objects

ALISTAIR SAMPSON is a complete eccentric: not only is he an honest antique dealer but he also has a sense of humour.The second quality is even rarer than the first in the antique world jungle. He has been sharing his inside knowledge of the dubious workings of the business with Punch readers for years and now some of his better efforts have been gathered into **Cabinet Papers** (Robson. £8.95. 223 pages).It is more useful for the aspiring collector than any illustrated guide.

There could be no greater contrast to these lively anecdotes than **Sotheby's Guide to Antiques and Their Prices Worldwide** (Penguin. £14 95. 736 pages). Here we get page after page of tiny black and white illustrations, of everything from early English oak furniture to American samples, and the prices paid for them at Sotheby's sales in 1986, which largely consigns their relevance to history.

This volume, now in its third year, shows some improvements - there are colour spreads and brief background notes, but it remains a bulky accessory of doubtful value.

The same market is much better served by Christies's South Kensington's **Popular Antiques Year Book** (Phaidon. £11.95, 236 pages). This concentrates on antiques mainly sold for less than £1,000 at South Kensington and makes its points with fewer but larger pictures. Experts write relevant and sometimes amusing introductory essays about events in their fields during the 1986-87 season and do not ignore the fact that prices sometimes go down. There is an emphasis on off-beat specialist markets - aeronautical collectables; Pacific weapons; wine labels, and more. In short a perfect present for the enthusiastic browser among better class bric-a-brac.

Antony Thorncroft

BOOKS OF THE MONTH

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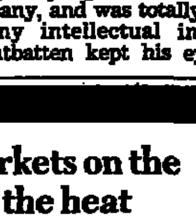

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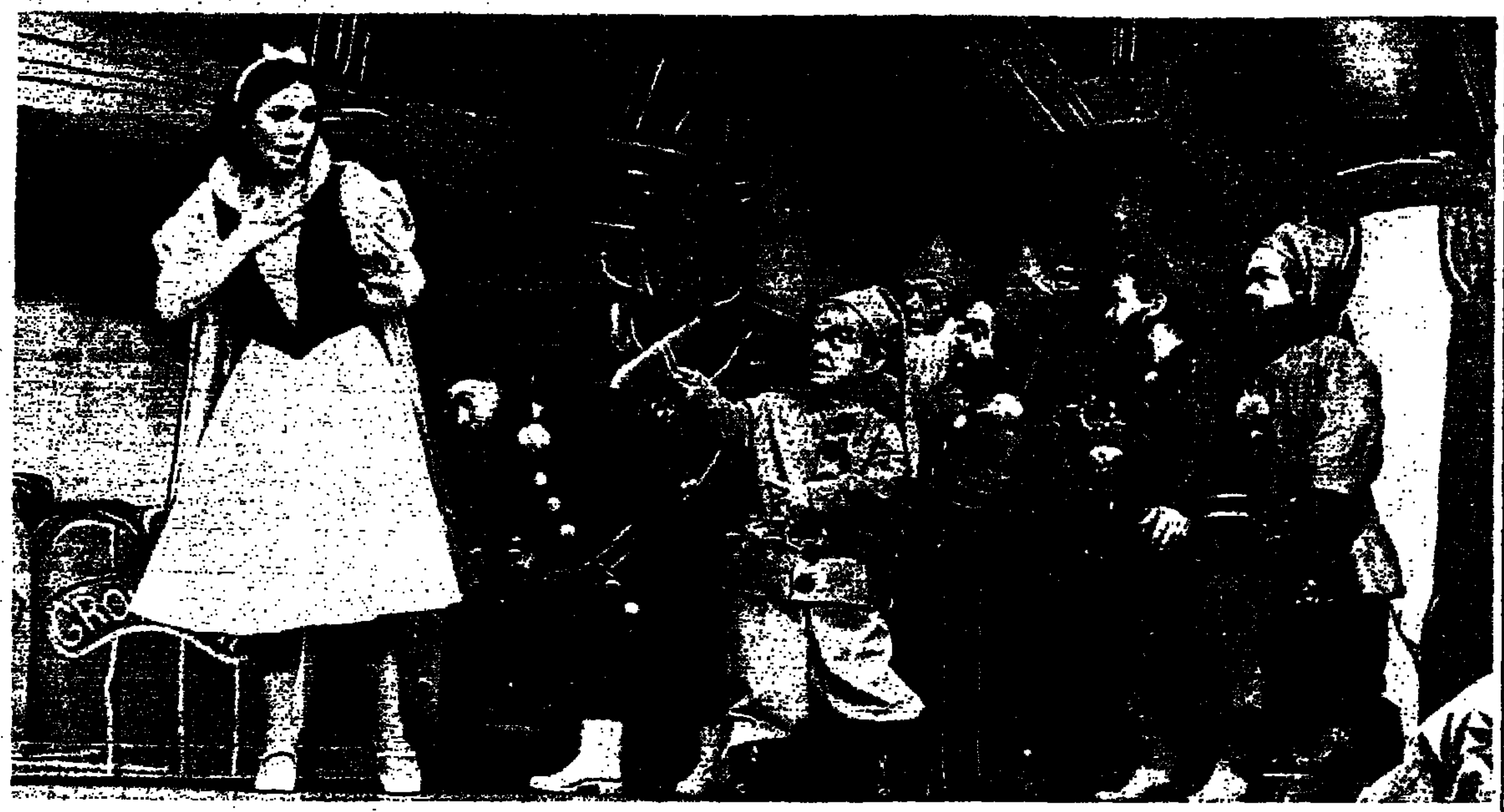

No shortage of dwarfs here: Dana in "Snow White" at the Hippodrome, Bristol

Oh, no, it's not!

Who's in what, with whom and where this Christmas? Michael Coveney gives us the pantomime low down from round the country.

IT WAS a close thing, but the threatened musicians' strike in the West End theatre this week would have taken the gilt off the gingerbread, the plums out of the pudding.

All the major London musicals will now play over the holiday period, and while it may be impossible to book tickets for **Les Miserables** or **The Phantom of the Opera**, you might raise a family quorum for Stephen Sondheim's **Follies** at the Shaftesbury or Cole Porter's **High Society** at the Victoria Palace.

Bear in mind, too, the arrival in the New Year (previews from January 9) of a new **South Pacific** at the Prince of Wales. Just opened at the Lyric, Hammersmith, is a new Charles Strouse crocodile musical, **Lyle**, and another Broadway composer of note, Jule Styne, is represented at the Greenwich Theatre from Monday in **Bells Are Ringing** (the score includes "Just in Time" and "The Party's Over Now"), imported from the Cheltenham Everyman where it was much approved on this page by B A Young in August.

The more traditional seasonal fare starts at the Palladium with a remarkable line-up in **Babes in the Wood**: TV comics Cannon and Ball, John Inman, Marti Webb, Barbara Windsor and Rod Hull with his wretched Emu.

Other big pantos around town are **Aladdin** at Richmond with Anita Dobson (Angie in East Enders), two of the TV *Blue Peter* team and the bald swimmer Duncan Goodhew; **Robinson Crusoe** at Wimbledon, with Dennis Waterman playing a little known brother to his offstage wife's (Rula Lenska) eponymous hero, and Jan Leeming surprise newscasting as the Fairy; and **Mother Goose** at the Churchill, Bromley, Danny La Rue returning to London a confirmed bachelor after cancelling his marriage plans. Also on the bill at Bromley are the Simmons Brothers, a really inventive, surrealist double act which puts Cannon and Ball in the shade.

The trouble with large-scale pantomime is that it is usually poorly written, under-rehearsed and tattily designed. So I always recommend such amenable, usually reliable, smaller London venues as the Shaw, which offers Suzie Quatro in **Cinderella** with a notably strong production team and designs by the talented Richard Bullwinkle; Stratford East, where David Cregan's **Beauty and the Beast** has already opened; and the charming Edwardian Palace at Watford, where an old Bob Hope comedy film vehicle, **The Cat and the Canary**, shares the stage with a new **Pinocchio** composed by Monty Norman.

The RSC at the Barbican has a new **Wizard of Oz** (as, incidentally, does the Northcott in Exeter) with two dozen child Munchkins and Imelda Staunton. The National has a re-run of last year's widely applauded **Pied Piper**, Adrian Mitchell's adaptation led once more by Sylvester McCoy, the new and controversial Doctor Who.

The Wind in the Willows plays twice daily at the Vaudeville, **Winnie the Pooh** can be caught at the Royalty off Holborn Kingsway, and **Sooty** rides into the Mayfair with a Wild West show.

*

I learn of a shortage of dwarfs in the regions. One cheapskate management, according to the Editor of The Stage, Peter Hepple, is offering only two dwarfs with its **Snow White**. The cut-price half-pints toddle on in the cottage scene, turn to the wings and cry "Follow us, you five," prompting a swift black-out.

One management, Albemarle, has cornered the dwarf market, proudly boasting 21 genuine dwarfs - no children or midgets - in its three **Snow Whites** at the Bristol Hippodrome (Dana in her fourth virginal incarnation), the Congress in Eastbourne (Denise Nolan in the lead), and the Hazlitt in Maidstone. The company has one spare dwarf to understudy all three productions.

*

Pantomime is the bread and butter for such commercial managements as Duncan Weldon's Triumph, which has nine this year, and Paul Elliott, who has twelve. Thus Peter Hall's classical plans at the Haymarket for Triumph next year will in part be sponsored by Lionel Blair in **Dick Whittington** at the Theatre Royal, Bath, and Max Boyce in **Jack and the Beanstalk** at the Wolverhampton Grand.

Triumph also presents Jimmy Cricket and Sue Pollard in **Aladdin** at the Bradford Alhambra; Terry Scott (without June) in **Jack and the Beanstalk** at the Ashcroft, Croydon; Roy Hudd and Bill Pertwee in **Babes in the Wood** at the Yvonne Arnaud, Guildford; and the dread Krankies in **Aladdin** at the Sunderland Empire.

Mr Elliott's line-up includes John Cleese clone Michael Barrymore, Bernard Bresslaw and Peggy Mount in **Cinderella** at the Palace, Manchester; Anita Harris and Edmund Hockridge in **Dick Whittington** at the Theatre Royal, Plymouth; Michael Elphick and Matthew Kelly in **Jack and the Beanstalk** at the Pavilion, Bournemouth; Anneka Rice, also stalk-climbing, with Maurice Colbourne and Derek Royle at the Theatre Royal, Brighton.

Most intriguing in the Elliott stable is the first South of England panto appearance by Les Dawson, as Nurse Ada, in **Babes in the Wood** at the Mayflower, Southampton. The cast also includes John "Bergerac" Nettles, former Miss World, Ann Sidney, and the bulging, matronly Roly Polys, excessive antidote to any surfeit of dwarfs.

Frankie Howerd was due to be in **Aladdin** at the Hexagon, Reading, but has cried off with a knee problem and been replaced by George Takei, "Lieutenant Sulu" of *Star Trek*.

Others among my seasonal favourites are Ken Dodd, this year in **Puss in Boots** at the Davenport, Stockport; Norman Wisdom in **Turn Again Whittington** at the Blackpool Grand; Helen Shapiro in **Cinderella** at the Cliffs Pavilion, Southend; and Rikki Fulton and Walter Carr, unbeatable Ugly Sisters, in **Cinderella** at the King's, Glasgow.

It would please me to see Victor Spinetti and Oscar James in **Goldilocks** at the Grand Opera, Belfast. Two other cast lists have caught my eye: Larry Grayson, Bernie Winters, Patrick Mower, Alan Randall and Peter Goodwright in **Dick Whittington** at the Birmingham Alexandra (December already, and still no sign of Dick); and Alvin Stardust, Linda Davidson (a pretty one from East Enders), Freddie with his Dreamers, and Terry Hall with Lennie the Lion in **Jack and the Beanstalk** at the Theatre Royal, Hanley, Stoke-on-Trent. Memories galore.

Finally, a quick spot check on the regional subsidised houses encourages me to recommend Pinero's rarely seen **The Cabinet Minister** (Frank Thornton and Susan Fleetwood) at the Royal Exchange in Manchester; **The Adventures of the Snowman**, based on Raymond Briggs, also in Manchester, at the Contact; Leslie Ash and Bobby Knutt in **Cinderella** at the Sheffield Crucible; a great musical, **Gypsy**, at the Liverpool Playhouse; a new **Beauty and the Beast** at the Edinburgh Lyceum; and a **Wizard of Oz** sequel, **The Scatterbrained Scarecrow of Oz**, scripted by Alfred Bradley for the Derby Playhouse.

Happy hunting, and Happy Christmas.

Branagh & the Bard

THERE'S NO stopping Kenneth Branagh. No sooner has his face disappeared from our Sunday night television screens and *The Fortunes of War* than it reappears on the large screen in *A Month in the Country*. The West End is already enjoying his production of John Sessions in *The Life of Napoleon*; and now Branagh's bravely named Renaissance Theatre Company opens its first full-scale Shakespearian enterprise at the Riverside Studios in Hammersmith. A dankness has seeped up from the Thames; for this *Twelfth Night* is a chill affair, sober, respectful and curiously mirthless.

Branagh as director opens the play with Viola enquiring of the sea captain what country this is, from behind a gauze. The ensuing scene is decently spoken, if fitfully visible, and sets the tone for the rest of the production. When the curtain rises (or rather falls to the ground) it reveals a spacious set, by Bunny Christie, that rather dwarfs the performances. Balustrades, broken masonry, scattered statuary, ivy-twined gates, bare trees, the odd piece of furniture – all combine for a cemetery with terraces and ramps, on one of which four musicians (wind, cello, percussion, piano) play Pat Doyle's melancholy music.

The mood takes its cue from the bitterly misanthropic Feste of Anton Lesser, a faintly gypsy-like hobo with a carpet bag, whose smouldering anger and contempt reach a natural climax with his furious baiting of the imprisoned Malvolio. This intriguing reading is saddled with a final setting of "The rain it raineth every day" that is vocally ungrateful and plainly a strain to sing; otherwise there is immense promise here.

Promise too in Caroline Langrishe's Olivia, immediately yearning for some sort of relationship when she sees the disguised Viola, genuinely upset by Malvolio's final humiliation. The Victorian setting provides her with fetching mourning - black velvet and jet - and she is patently an efficient as well as humane mistress of the household.

Inevitably attention focuses on what that superb comic technician Richard Briers will make of Malvolio. The fussy air of primly affronted fastidiousness faintly recalls the late Stafford Cripps. This dried-up functionary of the creaking voice thrusts out a Gladstonian jaw as he rumbles out his fantasies about Olivia in a tone of loathing. The opening of the hoax letter is a comic vignette: his final exit, ragged, begrimed and degraded, is taken with absolute dignity, and quite rightly left the house silent and embarrassed for him. There are signs that Mr Briers is holding himself in nobly. He may be a victim of the lack of buoyancy that causes the comic scenes to bog down. James Saxon's Toby is the most colourless and characterless I have seen, and James Simmons's Aguecheek is simply undeveloped.

The gem of the production is Frances Barber's Viola, played in what one can term the Judi Dench mould: plucky, loving, sweet-natured, warm-hearted, sturdily convincing as a boy in her three-piece grey suit. The reunion with her brother (Christopher Hollis, a little stiff) worked its magic. A thoughtful, intelligent production, then, that needs to relax and enjoy itself much more.

Martin Hoyle

Alastair Muir

Richard Briers: Malvolio

Singing ladies of Rome

THE LATEST instalment of the current Early Music Network, which arrived at the Wigmore Hall on Thursday, is devoted to the "Three Singing Ladies of Rome" - Andreana Baroni and her daughters Leonora and Catarina - who took musical Italy by storm in the 1630s and '40s. It was an evening of the kind that the Songmakers' Almanac might have devised around a singing dynasty of a couple of centuries later - a mixture of solos, duets and trios, interspersed with instrumental numbers and readings. The programme was devised by Erin Headley, who also played viola da gamba and lirone; her fellow instrumentalists were Konrad Junghanel (theorbo) and Andrew Lawrence King (triple harp), while the three singing ladies, sopranos all, were Jill Feldman, Judith Nelson and Isabelle Poulenard.

Andreana Baroni was a Mantuan associate of Monteverdi, with a formidable reputation as both a singer and instrumentalist; after she left the service of the Duke of Mantua she held court in Rome, where her concerts with her daughters became hugely successful. Leonora grew up to be even more exceptional than her mother, and attracted the attentions of a whole cadre of composers, as well as the admiration of no less than John Milton.

The musical legacy of the two generations was elegantly surveyed in the concert. The temptation to pack such a programme with Monteverdi must be hard to resist, but his contribution was strictly rationed to three items, one of them, *Lettera amorosa*, the evening's clear highspot, presented by Jill Feldman with an immaculate sense of phrase and inflection, and a command of line which had not necessarily been present in every performance. Judith Nelson's account of the potentially even more vivid *Lamento d'Arianna* for instance, seemed stolid and over-careful, but in Marco Marazzoli's *Partenza di donna sdegnata con l'amante* Isabelle Poulenard had demonstrated an intriguing tonal range, and much vivid pointing of words, even if her intonation sometimes seemed clouded.

Faulty tuning dogged some of the ensemble items also. The third scene from Landi's *La Morte d'Orfeo* made a light, frothy close to the first half, its decorative swirls handled by all three singers with great dexterity, though other songs, by Luigi Rossi and Domenico Mazzochi seemed less perfectly finished. The purely instrumental pieces offered nicely judged foils; nothing in the concert outstayed its welcome, all the proportions were nicely judged. It was altogether an object lesson in packaging a musical history lesson in a rewarding and assimilable form.

Andrew Clements

Video

Stocking stuff

DECEMBER 1987 is a Christmas-stocking-style month for video viewers. Christmas stockings, as we know, are a device used by harassed parents when they want to stuff into one package a large number of dubious items, none of which would make a present in its own right. The average Christmas stocking contains roughly the following: a plastic frog, a disposable Mickey Mouse watch, a bar of soap, a tangerine, a water-pistol, twelve pensionable jelly-babies and large quantities of filler tissue-paper.

Likewise, you cannot make a respectable present out of any single one of this month's videos. But if you stuffed them all into a large sock and gave it to someone, you might get away with it.

Best buy, if hardly Christmas fare, is *River's Edge* (Palace). Tim Hunter directs this eerie tale of small-town American teenagers reacting - or rather not reacting - to a grisly murder in their midst. As a portrait of youthful affectlessness, it is darkly funny and haunting, and it comes fresh from a very recent cinema release.

Elsewhere, there is the sound of video companies urgently rifling the archives, in the hope that the season's Auld Lang Syne spirit will indulge their recourse to re-issues. These include a complete set of now alarmingly dated-looking "Doctor" comedies (Video Collection): in which Dirk Bogarde demonstrates that there is no special comic providence in the pratfalls of a Sparrow. And they also include a set of morbid excavations into *Coronation Street*. Lovers of that series can now buy *The Jubilee Years* (First Choice), a narrated compilation of earliest black-and-white gems from the series, and *The Life And Loves Of Elsie Tanner* (also First Choice), recreating with clips the hurrahs and heartaches of the lovable redhead. Pardon me while I run screaming from the room.

No doubt the video company's argument, at least to themselves, is that everyone is so plastered and turkeyed at Christmas that they will not know what they are watching anyway.

For the semi-conscious, there are, at least, two commendable music experiences. *Paul Simon: The Graceland Video* (WEA) is the US warbler's Zimbabwe concert containing all the great Graceland album hits. And *The Magic Flute* (Screen Gems) is the video-of-the-film-of-the-opera: Ingmar Bergman's pantomimic, often enchanting, version of Mozart.

But as often with today's video market the major eye-catchers, in default of out-and-out masterpieces, are the out-and-out curios. From Stylus Video comes *Secrets Of The Titanic*, which tells you the history of the unsinkable liner from its maiden sinking in 1912 to its recent rediscovery by Lord Grade, Dr Ballard and others. Marvel as Dr B descends the watery fathoms in a three-man submarine to inspect the wreck! Skeletons, rotting timber and jewels for all.

Curio two is *Amazing Stories* (CIC). This is comparable to the Titanic tale since it shows the normally unsinkable Steven Spielberg hitting a career iceberg. The three stories in the video come from an ill-fated TV series masterminded by SS, in which top Hollywood stars and directors spun high-budget yarns. The series flopped, and these three samples - boasting Spielberg and Robert *(Back To The Future)* Zemeckis among directors - show why. Suspense loses out to whimsy and contrivance, despite potentially exciting subjects (black magic, a mummy, a bomber-pilot in his last show-down).

For children, finally, there are three fair-to-goodish videos this Christmas. *Bodytalk* (Video Collection) is a discreet and deftly animated tour of matters medical and anatomical, an educational video based on Claire (agony aunt) Rayner's The Body Book. *Short Circuit* (CBS/Fox) comes hot from the movie circuits, being the merry tale of a runaway robot who falls in love. John *(War Games)* Badham directs, Ally Sheedy and Steve Guttenberg star. And *Star Trek: The Voyage Home* (CIC) is for children of all ages, as the usual gaggle of Kirks, Spocks and Boneses boldly go where umpteen films and TV episodes have gone before. This time, though, they are joined by whales and dolphins, which is a great improvement.

Nigel Andrews

Radio

Teatime treat

HAVEN'T written about the *Food Programme* since they took it away from its ideal situation, half an hour before Sunday lunch. It remained as good in its new inaccessible slots; and now here is Derek Cooper on Radio 4 at Sunday teatime, not this time telling us about what to buy and how to eat it, but, in *Nirvana and Rice*, how the Hindus, Buddhists and Muslims of Singapore and Malaysia cater for their gods, a matter of academic interest to most of us, but of interest none the less. The Chinese and Indian deities expect to be fed, "a light meal of rice and yoghurt," for example, a donation from the believers like the coins we put in the plate. "There is a god in every Chinese kitchen," we were told. Of the Muslims, Mr Cooper said more about what they themselves eat, or rather what they don't eat – no tigers or other predatory beasts, for instance, no snakes, no frogs. It was an interesting programme, even if it will have little effect on your shopping at Sainsbury's.

Down Your Way – I have been wandering among the steady programmes that have lately had to make room for the drama – is a different programme since its long-standing anchor-man was replaced by topical figures from current affairs. Brenda Dean of Sogat (Radio 4, Sunday) was not so much showing us round Salford as paying sentimental visits to favourite old places of her youth; and instead of bespeaking a record from this citizen or that (we didn't meet many citizens), she chose her own discs and put them in where she chose. Salford has its memorabilia – Lowry in the Art Gallery, Sheila Delaney (we didn't meet them), the Manchester Ship Canal, the printers of Kellogg's Cornflakes packets; but I didn't feel that I had been taken to its heart, or to Brenda Dean's heart either. I have a feeling that this programme, like *Desert Island Discs* is kept on mainly because of the popularity of its former patron saints, or perhaps because of the BBC's obsession with decades, so that their 50th, 60th or 90th anniversaries will serve to decorate the horrible Radio Times with.

An anniversary well worth celebration is the 60th year of The Countryman, the subject of last Saturday's *Saturday Feature*. My first-ever editor had worked under J.W. Robertson Scott for that splendid quarterly when he was a boy, and I'm sure he told me that the staff tended to work in bare feet; but no one in this programme said so. Nor is there anything of that character about the magazine, now owned by United Newspapers but still edited in Oxfordshire. Like the magazine itself, the feature, presented by Stanley Williamson, was informative and good-tempered.

One more neglected regular feature, though in fact I mentioned it in connection with Graham Greene – *A Book at Bedtime*. This week we have been hearing short stories by Muriel Spark, and it struck me how suitable stories are for that slot. If you miss an instalment of a novel, you are at sea; if you miss a short story, you have only to wait for the next one. But then these sleepy citizens who go to bed at 10.15 would never lose an instalment, I suppose.

My only venture into drama this week has been for *Baths*, a half-hour play on Radio 4 on Tuesday afternoon. This was commissioned from Jim Cartwright, whose play *Roads* had a successful run at the Royal Court. Its director, Penny Gold, took a good deal of trouble with it; as the play is set throughout in a public swimming-bath, it was recorded on Outside Broadcast in a public swimming-bath, and sounds very authentic. But I found very little actual drama in the result. There was a slim young man, Christopher (William Armstrong) who had a thing about fat men; and there was a fat man, Bus (Kenny Ireland), who thought Christopher "was a 'omo" and threw him into the bath. There were an attendant and an assortment of other characters with no function but to provide atmosphere. I heard the play more than once, but I cannot find much in it beyond the parade of people.

B.A.Young

Chess No.700

1 Q-QN6 (Threat 2 Q-B2), N-K7 dis ch; 2 R-N7, or if N-Q4 dis ch; 2 R-QN2, or if K-K8; 2 Q-QN1, or if P-R8(N); 2 Q-KN1. Black's defences above stop all other white tries.

PICK OF THE WEEK AT CHRISTIE'S

13th Century Limoges Champlevé Enamel Casket 8" x 7½"

This casket is a singularly well-preserved example, with the figures gilded and set off against blue and green enamels, while the back is ornamented with four-pointed stars or flowers. Such reliquaries frequently featured in cathedral or abbey treasuries in the Middle Ages. They have been avidly collected ever since, because they are among the most colourful remnants of Mediaeval culture.
This piece will be the highlight in a sale of Important Sculpture and Works of Art at Christies, King Street on Tuesday 8 December at 11.00 a.m.
For further information about this and other sales in the next week, and for a copy of the monthly sales calendar, please telephone 01-839 2746.

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BOURNE FINE ART, 114 Mason's Yard, Duke Street, St James's London SW1. Tel: 930 4215 JAMES COWIE RSA 1886-1956. Paintings, drawing and watercolours. 1st-18th December; Monday to Friday 10-6pm.

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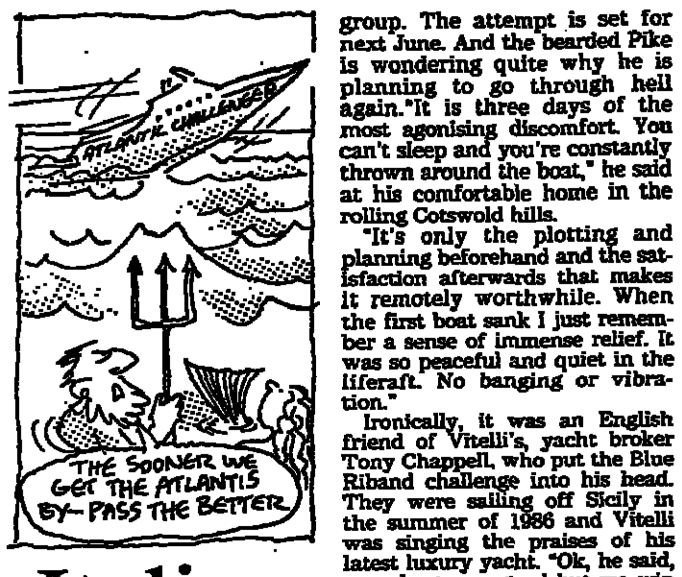
WEEKEND FT

• SPORT •

Powerboat racing/Keith Wheatley



Italian bravado by jingo

ITALY'S £6m bid to take the speed record for a sea crossing of the Atlantic from Britain is very much an act of nautical jingoism. Many tables of economic well-being currently have the two countries neck-and-neck, so that to seize Richard Branson's record from Britain would suit the current mood of high-achieving Italian bravado very well.

If it can be done, as planned, in a craft that represents a major technological breakthrough in the highly competitive area of ultra high-speed sports and patrol craft, then so much the better. Virgin Atlantic Challenger's feat was more one of derring-do and guts than hi-tech. To compare that speedboat with the one now under construction just south of Genoa is to place a Comet next to Concorde.

Being Italy, sport comes well into the frame. Skipper Cesare Fiorio has twice been world champion and six times European champion in the brutally competitive world of Formula One offshore powerboat racing. The sport rates zero in Britain but in southern Europe and the US, Fiorio is a star - and a patriot. "Italians are very good organisers and this project could be an opportunity to show this to the world," Fiorio told me during a recent visit to Genoa.

This amphibious speed freak is also director of motor racing projects for Alfa Romeo. Anyone who has seen one of the futuristically elegant Italian powerboats that dot northern Mediterranean harbours and dominate offshore racing will spot the provenance of the new boat instantly.

The sleek hull and topworks are styled by Pininfarina, whose studio creates Ferraris and Lamborghinis. Technologically she is an immense step forward from Branson's giant speedboat. Azimut Atlantic Challenger will carry enough diesel fuel for the entire voyage, whereas the Virgin boat had to stop and refuel. When the 90ft craft leaves Ambrose Lighthouse, just off New York, for the start of the measured run to Bishop Rock, in the Scillies, an incredible 80 tonnes of her 120 tonnes weight will be fuel.

Providing enough raw power and sheer hull strength to lift a craft of this size up on to "the plane" - where a hull skims the surface of the water rather than ploughing through it - has never been achieved before. "We asked for technical advice from all over the world on how to get a craft carrying enough fuel to cross the Atlantic up to 45 knots and planing. Everyone told us it was impossible," said Paulo Vitelli of Azimut shipyards, the project leaders. However, he is now confident that a young in-house designer has squared the circle with a combination of innovative hull design and 7,000hp motors driving waterjets rather than conventional propellors.

Initially the huge weight will limit the speed of the boat. At the start she will be doing just 29 knots, well short of record pace. After 35 hours she will have covered 1,800 miles and burned enough fuel to increase the pace to 39 knots. At 62 hours she will have just 600 miles to run and be flying at 50 knots. If all goes to schedule she will pass Bishop Rock with 74 hours elapsed, at a velocity of 53 knots. Branson will have lost his hard-won record by six hours.

If that comes to pass it will represent a unique double for the only Englishman on the Italian team. Dag Pike, a Stroud grandfather and one of the UK's top offshore powerboat racers, was navigator on both of Branson's trans-ocean projectiles. The first Virgin Challenger sank just short of the Scillies, the second took the record with an 80 hour crossing averaging 36.6 knots.

Now Pike, a former lifeboat tester for the RNLI, has become engineer, weatherman and all-round guru to the Azimut group. The attempt is set for next June. And the bearded Pike is wondering quite why he is planning to go through hell again. "It is three days of the most agonising discomfort. You can't sleep and you're constantly thrown around the boat," he said at his comfortable home in the rolling Cotswold hills.

"It's only the plotting and planning beforehand and the satisfaction afterwards that makes it remotely worthwhile. When the first boat sank I just remember a sense of immense relief. It was so peaceful and quiet in the liferaft. No banging or vibration."

Ironically, it was an English friend of Vitelli's, yacht broker Tony Chappell, who put the Blue Riband challenge into his head. They were sailing off Sicily in the summer of 1986 and Vitelli was singing the praises of his latest luxury yacht. "Ok, he said, your boats are good but we win the records. It started me thinking," said Vitelli.

Although a British MP, Harold Hales, donated the Atlantic trophy in 1933, it was first held by the Italian liner Rex. She crossed at an average speed of 28.92 knots but the fastest liner was the United States in 1952 at just over 36.92. Exact details of her US Navy-designed engines were classified by the Pentagon but they were never the same after that boiler-busting run.

Fast though Branson was, the New York Merchant Marine Museum refused to grant him the trophy. Virgin Atlantic Challenger had carried neither adequate fuel nor a fare-paying passenger - both required in the Blue Riband rubric.

The Italians aim to meet both rules and take the Cup home. The passenger will be an American celebrity. "We are already getting requests but we haven't decided who or what the fare will be," said Vitelli, who founded Azimut in 1969. His company builds luxury yachts at the top end of both the European and US markets.

Clearly the challenge of the Atlantic is going to attract more competitors in future. As the Daily Mail trumpeted in a leader after Branson's feat: "No doubt the Atlantic Dash, as it may soon be called, will become as famous an institution as the Channel Swim."

One person it won't attract again is Richard Branson. "I'm obviously a little bit tempted but I've said that I'm giving this kind of challenge a break for a while," he said from the inland fastness of Oxfordshire. "Perhaps when I'm 65 I'll come out of retirement and have another go at it - but in the meantime, good luck to the Italians."

Football/Brian Bollen

Only just about managing

Soccer bosses come and go but what does it take to be a modern manager? Are good results the only guide?

FOOTBALL headlines today might be more about rich businessmen than the game itself, but without a good manager the most talented collection of players can perform like a Sunday morning pub side. Just look at Tottenham Hotspur's dismal run of results since David Pleat quit a few weeks ago amid allegations of sordid goings-on in his private life.

What makes a good manager? Basically, results. Good ones. Even a brief run of poor results can mean the end of the line, as the newly installed Spurs boss Terry Venables found out when he and Barcelona parted company after just four games of the Spanish season.

But even good results do not guarantee a manager his job. Mike Walker was fired by Colchester after winning eight games out of nine and a manager of the month award. It is an accepted fact of football life that the casualty rate is high on the managerial merry go round.

The most celebrated peripatetic manager, Tommy Docherty, currently at non-League Altrincham and variously of Chelsea, Rotherham, Queen's Park Rangers (twice), Aston Villa, Porto, Hull (assistant manager), Scotland, Manchester Utd, Derby, Sydney Olympic, Preston and Wolves once claimed: "I've had more clubs than Jack Nicklaus."

The bouquet for employing the lowest number of managers since 1946 goes to West Ham Utd, with just four including current incumbent John Lyall. Brickbat for the highest goes to Stockport County. Asa Hartford is their 24th (at the time of writing).

Spurs had a good record until 1984, but have spoiled things since: Terry Venables is their fourth manager in three years, their ninth since the war. The last couple of weeks alone have seen the axe fall on Ken Brown at Norwich, Harry Gregg at Carlisle and Chic Bates at Shrewsbury. (Bates has been succeeded by Brown, on a temporary basis).

Earlier victims this season include Ron Saunders at West Bromwich Albion. He was replaced by Ron Atkinson who was shown the door at Manchester Utd for letting them down by winning the FA Cup only twice in five years.

Ipswich, which had never sacked a manager, blotted its copybook back in May, getting rid of Bobby Ferguson for failing to regain First Division status. Jimmy Sirrell is a rarity, having retired in the job at Notts County.

The knives have been out recently for Dave Bassett, barely six months into his tenure at Watford, and John Lyall. Bassett took Wimbledon from the fourth division to the first, but has barely had time to revamp a team which had probably gone as far as it could under Graham Taylor, who had achieved the same feat at Watford and is now gradually making his presence felt at Aston Villa.

Strangely, while employers in football seem to dispense with managers on the slightest whim, they do tend to squeal like stuck pigs when a manager does it to them before they can do it to him. Remember the outraged indignation when England manager Don Revie was lured off to the Middle East by petrodollars? The horrified establishment could not believe that Revie refused to hang around to be fired. One of Revie's hardest players, Jack Charlton, has stunned several clubs by refusing to stay any longer than suited him.

One man who has tasted life at the top, and is now enjoying it near the bottom, is Tommy Gemmell. One of the first modern attacking full backs, who played for Celtic in front of full houses as a matter of routine, Gemmell is now part-time manager of Albion Rovers, languishing in the lower reaches of Scotland's second division. Albion Rovers runs on a shoestring, with a staff of only 20 and gates ranging between 100 and 920 last season.

Gemmell is certainly not in management for the money. So why does he do it? "Probably because I played for 18 years, and it's a natural progression when the legs and lungs go," he explains. The manager of a club of part-timers, seeking just to survive from season to season, lives in a different world from men like Dave Bassett. "I don't have any hassle," says Gemmell. "There is no real pressure on me. But for people doing it as a full time job, it's a precarious life. I wouldn't like to be doing it full time.

Terry Venables: poor results can take a team manager to the end of the line

For Albion Rovers, fund raising is more important than building a team. "We got £73,000 in transfer fees last year, enough to keep us afloat for three or four years," says Gemmell. "We still have to sell a player every year. And no manager likes selling his good players."

Gemmell could not be blamed for casting an envious eye west where his former captain from his playing days, Billy McNeill is rebuilding Celtic, again. This is McNeill's second spell in charge at the club (in between he was yet another manager at Aston Villa). Under his captaincy Celtic not only became the first British club to win the European Cup (in 1967), but also established a joint world record by winning the league nine times in succession.

McNeill had the courage earlier this season to announce his intentions of dragging Celtic into the real world, admitting that the club has been dining out on its triumphs for 20 years. He pinpointed an age gap as one of the club's biggest problems: the club has a number of good older players, and a number of good younger players, but few in in between.

Part of the blame for this must be laid at the door of McNeill's predecessor David Hay - another former Celtic player. It was not good management to let the contracts of players like Maurice Johnston, Murdo MacLeod, Brian McClair and Alan McInally expire simultaneously. All four now ply their trade elsewhere.

Celtic have spent more than £2m on players this year, an investment which is starting to pay. The club moved to the top of the Premier Division last Saturday, with another goal from the most expensive signing, Frank McAvennie.

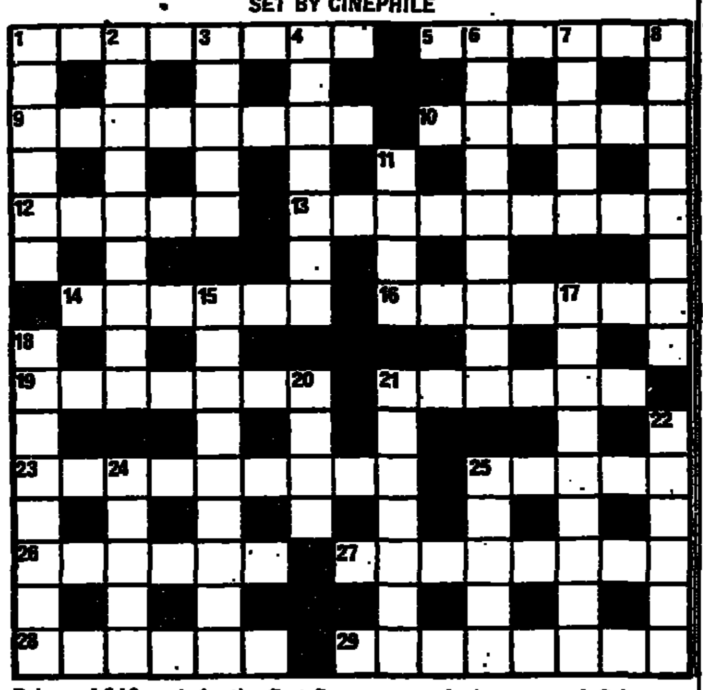
Being a great player or part of a great team is no guarantee of management success. Of the cup-winning Celtic team, one of the finest attacking footballing machines of all time, only McNeill has achieved real success as a manager.

Of England's 1966 World Cup winning team only Alan Ball is currently managing a Football League side, and his Portsmouth side is having difficulties adjusting to life in the First Division. Notable failures among his colleagues include Bobby Charlton, Bobby Moore and Geoff Hurst.

On the other hand, mediocre players can make great managers. The prime example is the the manager of that Celtic team of 1967. Jock Stein.

FT CROSSWORD No.6,500

SET BY CINEPHILE



Prizes of £10 each for the first five correct solutions opened. Solutions to be received by next Thursday, marked Crossword on the envelope, to the Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

ACROSS

1 To get the rock back, adhere to the use of force (3,5)
4 Secret love has little capacity to last month (6)
9 Law about one back yard brings mockery (8)
10 Endless ploy on a country river (6)
12 One left in to run in the Oaks, perhaps.... (5)
13 ....Mother and son in her mother's preserve (9)
14 Carpenter with frying times? (6)
16 Cannabis is illegal to possess, at a rough guess (3,4)
19 Financial institution (sound) holds $1000 capital (7)
21 Burlesque produces money round pole (6)
23 Collapse of pier; claim subject to testing (9)
25 Morbid spirit? (5)
26 Food container, South American once in junction with north (3,3)
27 I am booed terribly like a primitive creature (8)
28 Chair it's crazy to be off (6)
29 Having little lumps in the throat, hurried in (8)

DOWN

1 Arbitrator, entering into gambling, lost everything (6)
2 Marlborough's treasurer to go before sea-beast (9)
3 Nail on yard is not quite dry (5)
4 Slander involving Lucy and man (7)
6 Person with personality shown by letter (9)
7 I leave Italian region in shadow (5)
8 Burlesque produces garment in carrier (8)
11,20 Forsake the thrill of Rugby? (4-4)
15 Fire iron to confront one that gives nothing away (5,4)
17 Boat for Holy Fiord? (9)
18 He doesn't agree with article of gold (8)
20 See 11
21 Employer doesn't start to make perspex, for example (7)
22 Girdle used with thermals? (6)
24 The fear of God? (5)
25 Gather from a single announcement (5)

Solution to Puzzle No.6,499

```
NELSON#CONSTANT
A#A#P#W#B#M#N#W
TESSERA#SHACKLE
U#S#N#V#T#T#L#N
RAIN#DEPARTMENT
I#T#C#R#C#E###Y
SOUGHT#CLARITY#
T#D#A#P#E#I#H#S
#TERRORS#INTENT
E###I#U#F#G#H#A
SHORTBREAD#BEAR
K#U#A#I#L#S#F#K
IGNOBLE#SUPPOSE
M#C#L#N#E#A#R#R
OVEREATS#ANGERS
```

Solution and Winners of Puzzle No.6,494

```
BANDBOX#DEPOSIT
O#U#I#Y#E#I#U#A
ROMAN#LIMELIGHT
E#B#G#O#U#O#A#T
DISTEMPER#TYROL
O#K###H###F###E
MOUSE#OUTFITTER
##L#X#N#I#S#W##
ALLOTMENT#HOOPS
L###R###L###F#T
BASRA#BREADLINE
U#P#C#A#D#R#S#R
MOUSTACHE#ACTION
E#R#O#O#E#N#E#U
NONIRON#DUKEDOM
```

Mrs A. Cox, Ferring, West Sussex; Miss P. Buckley, Geneva, Switzerland; Mr J. Lawrence, Leeds; Mr J.M. Harvey, Glasgow; Mr J.C. Towle, Sale, Cheshire.

TELEVISION AND RADIO

SATURDAY

† Programme in black and white

BBC1

8:25 Saturday Starts Here. 8:40 Chuckdevision. 9:00 The Muppet Babies. 9:30 Going Live! 12:12 pm Weather. 12:15 Grandstand. 5:05 News and weather followed by sport. 5:20 Rolf Harris Cartoon Time. 5:45 Telly Addicts. 6:15 My Family and Other Animals. 6:45 Bob's Full House. 7:20 'Allo 'Allo. 7:50 Casualty. 8:40 Just Good Friends. 9:10 News and Sport. 9:25 Cagney and Lacey. 10:15 Live International Boxing. 11:05 Film: "The Survivor". 12:25 am Rockford Files.

BBC2

11:25 am Open University. 1:30 pm Network East. 2:10 Film: "All The Brothers Were Valiant" starring Robert Taylor and Stewart Granger. 3:40 Film: "The Wreck of the Mary Deare" starring Charlton Heston. 5:20 International Bridge Club. 5:50 Espana Viva. 6:15 The Week in the Lords reviewed by Christopher Jones. 6:55 Newsview. 7:35 Ibiza 92. 8:05 Gluck Bicentenary: Don Juan. 9:10 The Trireme Quest. 10:00 The Film Club. 10:03 Film: "That Obscure Object of Desire". 11:45-1:20 am Film: "Man of Flowers" starring Norman Kaye and Alyson Best.

LONDON

6:00 am TV-am Breakfast Programme. 9:25 No 73. 11:00 The Roxy. 11:30 Frocks On The Box. 12:00 The Fall Guy. 1:00 pm News. 1:05 Saint & Greavsie. 1:35 Wrestling. 2:15 Darts and Snooker. 4:45 Results Service. 5:00 News. 5:05 Walt Disney Presents. 5:15 Blockbusters. 5:45 The A-Team. 6:45 Copy Cats. 7:15 Blind Date. 8:00 Home To Roost. 8:30 Murder, Mystery, Suspense. 10:15 News. 10:35 Snooker followed by LWT News Headlines. 12:30 am Sledge Hammer. 1:00-4:00 am Night Network. 4:00 TJ Hooker. 4:55 Nice Triathlon.

CHANNEL 4

9:30 am Coping. 10:00 Moneyspinner. 10:30 Scotland's Story. 11:00 Old Country. 11:30 Dancin' Days. 12:00 Make Your Own Video. 12:30 pm World of Animation. 12:45 Channel 4 Racing from Sandown Park. 4:25 Magoo Slept Here. 4:30 Countdown. 5:05 Brookside Omnibus. 6:00 Right To Reply Special. 6:30 News Summary and Weather followed by Not Just Another University. 7:30 Sandung File. 8:30 Gnostics. 9:30 A Fine Romance. 10:00 St Elsewhere. 11:00 Late Night with David Letterman. 11:50 Film: "Performance" starring Mick Jagger and James Fox. 1:50 am The Mysteries of Edgar Wallace.

S4C WALES

9:30 am Coping. 10:00 What The Papers Say. 10:15 Years Ahead. 11:00 Mavis On Four. 11:30 Man and His World. †11:45 Time To Remember. 12:15 pm Scotland's Story. 12:45 Racing from Sandown Park. †2:50 Film: "Viva Villa! 5:00 Elephant – Lord of The Jungle. 6:00 Right To Reply Special.

6:30 A Houseful of Plants. 7:00 To the End of the Rhine. 7:30 Newyddion. 7:50 Ffiliach. 8:20 Awyr Las. 9:25 Y Maes Chwarae. 10:15 Badminton.

IBA Regions as London except at the following times:

ANGLIA

11:30 am Randall & Hopkirk (Deceased). 12:30 pm A.L.F. 1:00 ITN News folled by Anglia News and Weather. 5:05 Anglia News, Sport and Weather.

BORDER

11:30 am Groovy Ghoulies. 12:00 UFO. 1:00 pm Border News and Weather. 5:00 Border News and Weather.

CENTRAL

11:00 am Family Feature Film: "The Count of Monte-Cristo" starring Richard Chamberlain, Tony Curtis and Trevor Howard. 12:50 pm Bugs Bunny. 1:00 News followed by Central News. 12:30 am Prisoner Cell Block H. 1:25 am Film: England Made Me. 3:15 Saxon: Live Innocence. 4:15 Central News followed by Central Jobfinder.

CHANNEL

11:30 am Streethawk. 12:30 pm The Best of Sport. 12:59 Today's Weather. 5:00 ITN News followed by Channel Islands Weather.

GRAMPIAN

11:30 am A.L.F. 12:00 Indoor Hockey From Dundee. 12:55 pm Home Cookery Club. 12:30 am Reflections.

GRANADA

11:30 am Saturday Matinee: "Not Wanted on Voyage". 12:30 am Film: "Oklahoma Crude". 2:25 America's Top Ten.

HTV

11:30 am Easy Street. 12:00 A.L.F. 12:30 pm America's Top Ten. 1:00 HTV News. 5:00 HTV News. HTV WALES: SAME AS HTV WEST.

SCOTTISH

11:30 am America's Top Ten. 12:00 Indoor Hockey. 12:30 am Late Call.

TSW

11:30 am The Greatest American Hero. 12:25 pm Gus Honeybun's Magic Birthdays. 12:30 The South West Week. 1:00 TSW News and Weather. 5:05 Newsport. 12:30 am Postsript.

TVS

11:30 am Streethawk. 12:30 pm The Best of TVS Sport. 12:57 TVS Weather. 5:00 TVS News.

TYNE TEES

11:30 am "S.O.S. Pacific". 12:30 am Poetry Of The People. 12:40 Jobfinder.

ULSTER

11:30 am Feature Film: "The Merry Musketeers" starring H. Rittenbers and A. Eskis. 12:50 pm Cartoon Time. 1:03 Ulster Newstime. 4:55 Sports Results. 5:03 Ulster Newstime. 10:32 Ulster Newstime. 12:25 am Ulster Newstime.

YORKSHIRE

11:30 am "The Merry Musketeers". 12:50 pm Cartoon Time. 12:30 am The Saturday Late Film: "The Passage" starring Anthony Quinn, James Mason, Patricia Neal and Christopher Lee. 2:20 Jobfinder.

Stereo on VHF

BBC RADIO 2

6:00 am Steve Truelove. 8:05 David Jacobs. 9:00 Sounds Of The 60s. 10:00 Michael Aspel. 12:00 Album Time with Peter Clayton. 1:00 pm The News Huddlines. 1:30 Sport On 2 including Football; Rugby Union; Racing from Sundown Park; 5:00 Sports Report.

6:00 Brain Of Sport 1987. 6:30 Look What They've Done To My Song. 7:00 Beat The Record. 7:30 Rodgers and Hammerstein at The Royal Festival Hall. 9:30 String Sound. 10:05 Martin Kelner. 12:05 am Night Owls with Dave Gelly. 1:00 Bill Rennells presents 'Nightride'. 3:00-4:00 A Little Night Music.

BBC RADIO 3

7:00 am News. 7:05 Morning Concert. 9:00 News. 9:05 Record Review. 10:15 Stereo Release. 11:15 Royal Liverpool Philharmonic Orchestra conducted by Libor Pesek with Jorge Bolet (piano): Mozart, Litz and Dvorak. 1:00 pm News. 1:05 String Quartets in Salzburg (Shostakovich and Dvorak). 2:10 Schubert: Piano Sonata in A played by Edith Vogel. 3:00 Screen Scores: Shostakovich, Prokofiev, Rachmaninov (Piano Concerto No2, played by Moiseiwitsch). 5:00 Jazz Records Requests. 5:45 Critics' Forum. 6:35 Josef Suk (violin) with Josef Hala (piano): Dvorak, Martinu, Beethoven, Janacek, Suk, Brahms. 8:00 Tosca: Puccini's opera direct from the Royal Opera House, Covent Garden, conducted by Giuseppe Sinopoli, Act 1. 8:45 The Mapleson Memoirs (1858-88): Edward de Souza reads from the memoirs of an operatic manager and impresario. 9:10 Tosca: Act 2. 9:55 The Mapleson Memoirs. 10:15 Tosca: Act 3. 10:55 The House of the Broken Pediment. 11:10 The Inchanted Forrest by Francesco Geminiani. 11:57-12:00 News.

BBC RADIO 4

7:00 am Today. 9:00 News. 9:05 Sport On 4. 9:30 Breakaway. 10:00 News; Loose Ends hosted by Ned Sherrin. 11:00 News; The Week In Westminster. 11:30 From Our Own Correspondent. 12:00 Money Box. 12:25 pm The News Quiz (s). 12:55 Weather. 1:00 News. 1:10 Any Questions? 1:55 Shipping Forecast. 2:00 News; Second Edition. 3:00 News; Play: Lily and Colin-Light Over The Bay (s). 4:15 The Gardener's Tale (s). 4:30 Science Now. 5:00 Conversation Piece. 5:25 Week Ending. 5:50 Shipping Forecast. 5:55 Weather. 6:00 News, including Sports Round-Up.

6:25 Citizens (s). 7:10 Stop The Week with Robert Robinson (s). 7:45 Saturday Night Theatre (s) 'An Englishman's Home' by Ray Ball. 9:00 Music In Mind (s). 9:50 Ten To Ten (s). 9:59 Weather. 10:00 News. 10:15 The Saturday Feature. 10:45 Conservative Blues (Adventures in the jazz trade by Jeff Nuttall). 11:00 Up the Garden Path (s). 11:30 Star Terk 8 (s). 12:00-12:15 am News; Weather.

SUNDAY

† Programme in black and white

BBC1

8:55 am Play School. 9:15 Articles of Faith. 9:30 This Is The Day. 10:00 Bazaar. 10:30 Talking Business. 10:55 Telejournal. 11:20 A Vous La France! 11:45 Sign Extra. 12:10 pm See Hear. 12:35 Farming. 12:58 Weather for farmers. 1:00 This Week, Next Week. 2:00 Eastenders Omnibus. 3:00 Film: "Meet Me At The Fair". 4:25 A Royal Family Album. 5:15 Watchdog.

5:40 Vanity Fair. 6:10 Working the System. 6:20 News. 6:35 Songs Of Praise. 7:15 Ever Decreasing Circles. 7:45 Only Fools and Horses. 8:05 News. 8:20 Body Contact. 10:30 Everyman. 11:10 The Secret Life of Paintings. 11:50 Network East. 12:30 am Weather.

BBC2

9:15 am Now On Two. †9:40 Whirlybirds. 10:05 Odysseus: The Greatest Hero of Them All. 10:20 The Charlie Brown and Snoopy Show. 10:40 Now It's You. 10:45 Blue Peter Omnibus. 11:30 Aliens in the Family. 12:00 Windmill. 1:00 pm No Limits. 2:00 Rugby Special. 2:40 World Bowls. 5:10 Music in Camera. 5:50 Sid Sunday. 6:30 The Money Programme. 7:15 The Travel Show Guide. 7:50 The Great Philosophers. 8:40 The Natural World. 9:35 Did You See..? 10.20 World Bowls.

LONDON

6:00 am TV-am Breakfast Programme. 9:25 Wake Up London. 9:35 Sunday At No 73. 10:00 No 73. 10:30 The Adventures of Black Beauty. 11:00 Morning Worship. 12:00 Weekend World. 1:00 pm LWT News Headlines followed by Police 5. 1:10 Link. 1:30 The Smurfs. 2:00 The Human Factor. 2:30 The Big Match Live. 4:30 Knights Of God. 5:00 Bullseye. 5:30 Sunday Sunday.

6:30 News. 6:40 Highway. 7:15 Laughs From The Palladium. 8:15 Tales Of The Unexpected. 8:45 Breakthrough At Reykjavik. 9:45 News. 10:05 Spitting Image. 10:35 The South Bank Show. 11:45 LWT News Headlines followed by Snooker. 12:30 am Mary. 1:00-3:15 am Night Network.

CHANNEL 4

9:25 am Movie Mahal. 10:00 The World This Week. 11:00 Pob's Programme. 11:30 Worzel Gummidge Down Under. 12:00 The Waltons. 1:00 pm Treasure Hunt. 2:00 Empress WU. †2:30 "The Rains Came". 4:25 Kubin/Coubine: A Forgotten Painter. 5:15 News Summary followed by The Business Programme. 6:00 American Football. 7:15 What On Earth Is Going On? 8:15 An Idea of Europe. 8:45 E.P. "Sculptor: Eduardo Paolozzi. †9:55 The Fighting Sullivans. †12:00 am Scales of Justice.

S4C WALES

9:00 am Hafoc. 10:00 The World This Week. 11:00 Pierced Pictures. 11:30 Worzel Gummidge Down Under. 12:00 The Waltons. 1:00 pm Arwyddion Ffyrdd. 1:30 Quilts in Women's Lives. †2:00 Feature Film: "Always Leave 'Em Laughing". 4:15 Equinox (s). 7:15 Sam Tân. 7:25 Newyddion. 7:30 Rhaglen Hywel Gwynfryn. 8:10 Pobol Y Cwm. 8:40 Dechrau Canu, Dechrau Canmol. 9:10 Hel Straeon. 9:40 Badminton. 10:25 St Elsewhere. †11:20 Scotland Yard.

IBA Regions as London except at the following times:

ANGLIA

9:25 am He-Man and the Masters of The Universe. 10:30 The Adventures of Black Beauty. 1:00 pm Link. 1:15 Bioscope Bygones. 1:20 Anglia News. 1:25 Weather Trends. 1:30 Farming Diary. 5:00 Man In A Suitcase. 6:00 Bullseye. 6:35 Anglia News.

BORDER

1:00 pm Farming Outlook. 1:30 Border News. 1:35 Cartoon Time. 1:45 Link. 5:00 Highway To Heaven. 6:00 Bullseye. 6:30 Border News. 9:45 Border Weather. 12:30 am Border Weather.

CENTRAL

9:25 am Speedy Gonzales. 1:00 pm Central News. 1:05 Central Post. 1:15 Link. 1:30 Here and Now. 5:00 Highway To Heaven. 5:55 Cartoon Time. 6:35 Central News. 12:30 am Prisoner Cell Block H. 1:25 Donahue. 2:25 Alfred Hitchcock Presents. 2:55 Central News followed by Central Jobfinder.

CHANNEL

9:25 am Today's Weather. 9:28 Starting Point: Sunday at No. 73. 1:00 pm Link. 1:15 Les Francais Chez-Vous. 1:30 Farm Focus. 6:30 Channel News Headlines.

GRAMPIAN

9:25 am Cartoon - Speedy Gonzales. 11:00 Horses For Courses. 11:30 A Touch of Music. 1:00 pm Farming Outlook. 1:30 Cartoon Time. 2:30 Feature Film: "The Wedding Night" starring Gary Cooper, Ann Sten and Ralph Bellamy. 5:00 Scotsport. 12:30 am Reflections.

Joely Richardson in Body Contact, BBC 1

GRANADA

1:00 pm Members Only. 1:05 Action Line: This Is Your Right. 1:35 Aap Kaa Hak. 1:40 Link. 5:00 Who's The Boss? 5:30 Celebration Masterclass. 11:45 RL Action - Scrum-down.

HTV

1:00 pm Farming Wales followed by Weather for farmers. 1:30 Cartoon Time. 1:45 Link. 6:35 HTV News. HTV WALES - SAME AS HTV WEST.

SCOTTISH

11:00 The Glen Michael Cavalcade. 1:00 pm By The Way. 1:15 Link. 2:00 Profile. 2:30 Film: "Mysterious Island". 4:20 Cartoon. 5:00 Scotsport. 12:30 am Late Call.

TSW

1:00 pm Postscript Diary. 1:10 Farming News. 1:45 Link followed by South West Link. 4:30 Gardens For All. 5:00 Knights of God. 5:30 A.L.F. 6:00 Bullseye. 6:35 TSW News. 12:30 am Postscript Review.

TVS

9:00 am Good Morning Britain. 1:00 pm Link. 1:15 Action! 1:27 TVS Weather. 1:30 Farm Focus.

TYNE TEES

9:25 am Hello Sunday. 1:00 pm Farming Outlook. 1:30 Billboard. 1:45 Link. 5:00 Who's The Boss? 5:30 Northern Life Sunday Edition.

ULSTER

12:58 pm Ulster Newstime. 1:00 Ask Anne? 1:15 Link. 1:30 Farming Ulster. 1:58 Farming Weather. 5:00 Finding Fax Future. 6:00 Bullseye. 9:30 Ulster Newstime. 9:57 Ulster Newstime. 12:35 am Ulster Newstime.

YORKSHIRE

1:00 pm Cartoon Time. 1:10 Link. 1:25 Farming Diary followed by Farming and Inshore Weather. 5:00 TV Censored Bloopers. 11:45 Scrumdown. 12:45 am Five Minutes. 12:50 Jobfinder.

(s) Stereo on VHF

BBC RADIO 2

6:00 am Steve Truelove. 7:30 Roger Royle says 'Good Morning Sunday'. 9:05 Melodies For You. 11:00 Desmond Carrington with your Radio 2 All-Time Greats. 2:00 pm Benny Green. 3:00 Alan Dell. 4:00 Moira Anderson's Serenade. 4:30 Sing Something Simple with the Cliff Adams Singers. 5:00 Charlie Chester with your Sunday Soapbox. 7:00 Living With Betty. 7:30 Ian Wallace Presents... 8:30 Sunday Half-Hour. 9:00 Your Hundred Best Tunes. 10:05 Songs From The Shows. 10:45 Don Innes at the piano. 11:00 Sounds of Jazz with Tony Russell. 1:00 am Bill Rennells presents 'Nightride'. 3:00-4:00 A Little Night Music.

BBC Radio 3

6:55 am Weather. 7:00 am News. 7:05 English Pastorals: Patrick Handley, Vaughan Williams, Lawes, Moeran, Grainger, and Delius. 8:00 World Service News. 8:10 Lili Kraus (piano), Mozart. 9:00 News. 9:05 Your Concert Choice: Monteverdi, Walton, Donizetti, Gade. 10:30 Music Weekly. 11:15 Chilingirian Quartet plays Frankel and Beethoven (Op135). 12:15 pm Words. 12:20 From The Festivals 1987: 'Die Meistersinger von Nurnberg' by Wagner, recorded at the Bayreuth Festival; 1:40-1:45; 2:45-2:50 Interval Readings. 5:00 Eminent Hungarians: Erzsebet Tusa (piano) plays Liszt's 7 Hungarian Historical Portraits. 5:30 I'm Not Sharing: Feature on the work of Botho Strauss. 6:15 Vaughan Williams: Overture (The Wasps; Tallis Fantasia; Symphony No2). 7:30 Glasgow Xenakis Festival 1987; 8:05 Messiaen (Visions de l'Amen). 9:00 A Most Delightful Art: Madrigals. 9:30 The 1987 Reith Lectures: Third of Alexander Goehr's lectures on 'The Survival of the Symphony'. 10:00 Traditional 1st Schiamperel: An orchestral complement to the third Reith Lecture (Debussy, Xenakis and Messiaen). 10:55 Bournemouth Sinfonietta Plays Mozart. 11:57-12:00 News.

BBC RADIO 4

7:00 am News. 7:10 Sunday Papers. 7:15 On Your Farm. 7:40 Sunday. 8:50 The Week's Good Cause. 8:55 Weather. 9:00 News. 9:10 Sunday Papers. 9:15 Letter From America by Alistair Cooke. 9:30 Morning Service. 10:15 The Archers. 11:15 News Stand with Francis Wheen. 11:30 Pick of the Week (s). 12:15 pm Desert Island Discs (s). 12:55 Weather. 1:00 The World This Weekend. 1:55 Shipping Forecast. 2:00 Gardeners' Question Time. 2:30 The True Heart. 3:30 The Radio Programme. 4:00 News; Centenary. My Dear Watson.

4:47 The Butterfly Collectors. 5:00 News; Down Your Way. 5:50 Shipping Forecast. 5:55 Weather. 6:00 News. 6:15 At Least It's Live. 6:30 International Assignment. 7:00 News; Soundings (s). 7:30 Raffles. 8:00 Bookshelf. 8:30 A Word in Edgeways. 9:00 News; Times Present. 9:15 The Natural History Programme. 9:59 Weather. 10:00 News. 10:15 The Making of Medea: a look at rehearsals for the production of Cherubini's 'Medea'. 11:00 The Root of the Matter. 11:30 Seeds of Faith (s). 12:00-12:15 am News.